

AGENDA

UAC INSURANCE MUTUAL

Board of Trustees Meeting

July 17, 2003, 9:00 a.m. – 1:00 p.m.

UAC/UACIM Building, 5397 S. Vine Street, Salt Lake City, UT

Please read: Minutes, Resolution, Articles, Bylaws, IC Agreement, Planning Document.

Please bring: All Enclosures

Call to Order

Dan McConkie

Review of Board Members Absent

Approval of June Minutes

ITEM Information

- | | | |
|----------|--|--------------|
| 1 | Actuary's Report | Glenn Taylor |
| 2 | Service Fee Presentation to UAC Board | Dan McConkie |
| 3 | Broker's Report | John Chino |
| 4 | Loss Control Manager's Report | Mark Brady |
| 5 | Director's Report | Lester Nixon |
| | Building Options | |
| | Service Awards to Retiring Members | |
| | Investment Update | |
| 6 | Receive Trustee Resignation, Brent Gardner, UAC Executive Director | |
| 7 | Receive First Quarter Financial Statements | |
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Action

- | | | |
|-----------|--|---------------|
| 8 | Appointment to Fill Unexpired Term, At-Large | |
| 9 | Appointment to Nominating Committee | |
| 10 | Approval of Employee Policy | |
| 11 | Adoption of Name Change Resolution & Timing of Announcement | |
| 12 | Approve Amendments to Articles of Incorporation | |
| 13 | Approve Amendments to Bylaws | |
| | for Submission to Membership | |
| 14 | Approve Amendments to Interlocal Cooperation Agreement | |
| | for Submission to Member Governing Bodies | |
| 15 | Adoption of Goals | |
| 16 | Adoption of Mission Statement | |
| 17 | Adoption of Principles and Beliefs | |
| 18 | Award of Actuarial Service Contract | |
| 19 | Approval of Budget Amendments | |
| 20 | Ratification and Approval of Payments | Lynn Lemon |
| 21 | Set Date and Time for Closed Meeting | |
| | to Discuss Pending or Reasonably Imminent Litigation | |
| 22 | Action on Litigation Matters | Kent Sundberg |
| 23 | Set Date and Time for Closed Meeting | |
| | to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | |
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Wrap-up

Other Business

Next Meeting

Adjourn

Additional Instructions:

Contact officials to be considered for appointment to Board.

Lunch will be provided

UACIM BOARD of TRUSTEES MEETING

MINUTES

July 17, 2003, 9:00 a.m.

UAC / UAC Insurance Mutual Training Room

BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner
Lynn Lemon, *Vice President*, Cache County Executive
Steve Baker, Davis County Personnel Director
Ken Bischoff, Weber County Commissioner
Kay Blackwell, Piute County Commissioner
Jim Eardley, Washington County Commissioner
Jerry Grover, Utah County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney
Steve Wall, Sevier County Clerk-Auditor

BOARD MEMBERS ABSENT

Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner

OTHERS PRESENT

Lester Nixon, Director
Mark Brady, Loss Control Manager
Sonya White, Executive Assistant
Korby Siggard, VeriClaim, Claims Manager
John Chino, Arthur J. Gallagher, Vice President
Glenn Taylor, Taylor-Walker & Associates, Actuary

CALL to ORDER

Dan McConkie called the meeting to order at 9:00 a.m. and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Gene Roundy is in Germany and requested that the Board excuse him. Lynn Lemon made a motion to excuse Gene Roundy from this meeting. Ken Bischoff seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held June 5, 2003 were previously sent to the Board for review. Steve Baker recommended the following correction on page four, UAC SERVICE FEES PROPOSAL, 3) *The Board agreed to be a major contributor of UAC events and possibly split the cost of the Newly Elected Officials Workshop so that the Mutual has an opportunity to orientate new officials.* Lynn Lemon made a motion to approve the June 5 minutes as corrected. Steve Wall seconded the motion, which passed unanimously.

ACTUARY'S REPORT

The Board welcomed Glenn Taylor, Actuary for the Mutual, to this meeting. Glenn reviewed with the Board his analysis of the gross and net loss and loss adjustment expense reserves of the Mutual as of December 31, 2002 (see attachment #1). Data received from the Mutual was reviewed for reasonableness and consistency, without audit, and no unusual values were noted. Glenn assists the Mutual's management to analyzing estimates for the financial statements and management booked the actuary's estimate. To be reasonably conservative, a number is selected that will be less than the actual results. The Mutual has experienced a good review because numbers have come in better than estimated. Glenn's job is to determine the rest of the reserves that need to be booked; bulk and incurred but not reported reserves on a combined basis. The change from excess to reinsurance coverage required a different analysis. Four different methods of ultimate losses were tested to establish loss development and provide an estimate of ultimate loss reserves for the Mutual's balance sheet. Reserve summaries are shown in Exhibit I of the actuarial report. Claim reserve patterns are consistent.

Lynn Lemon questioned payment responsibility in the statement on page two of the actuarial report that reads: *For accident years 1992 through 1998, coverage in excess of the retention amounts is proved through an excess insurance policy. In the event that the excess carrier is unable to pay claims, the responsibility for these amounts becomes the responsibility of the member counties and not the Company.* Glenn responded that the Company was not the named insured on the excess policies so the responsibility would go back to the counties. Under the reinsurance policy, the responsibility goes back to the Company. No claims are in excess for those years.

Jerry Grover asked if all the exhibits were consistent with the analysis and what the range was between the four methods? Glenn explained that the development patterns did not differ in those years and a range hasn't specifically been quantified but based on the consistency of the Mutual's data, plus or minus 10%, is reasonable. Jerry said that he relies on the actuarial report to evaluate the efforts of loss control. Glenn explained that he tends to be more conservative and has reserved at a higher level. He will lower the level as claims trend and close so the analysis may artificially appear to be a worse experience. Historically the company has accepted the actuary's estimate due to its conservativeness.

The Board thanked Glenn Taylor and he was excused from the meeting.

SERVICE FEE PRESENTATION to UTAH ASSOCIATION of COUNTIES (UAC) BOARD of DIRECTORS

Dan McConkie explained that at the Utah Association of Counties (UAC) Board meeting (Kay Blackwell and Ken Bischoff also attended that meeting) a healthy discussion ensued regarding the decisions made by the Mutual Board, at its June meeting. Dan made a firm commitment to UAC that the Mutual would pay its way but if UAC was looking to the Mutual as a source of revenue nothing excessive would be paid because the Mutual's expenses are passed onto its members in the form of premiums. The President of UAC, Gary Herbert, asked that the Mutual Board propose a committed number to the UAC Board. Dan explained to Gary and the UAC Board that the Mutual would be a major sponsor at UAC events and that Lester Nixon and Mark Brady will perform lobbying efforts for the Mutual. A fee of \$5000 to \$10,000 was proposed for UAC to track legislation and work in tandem with Lester and Mark until they are recognized on Capitol Hill as the representatives of the Mutual. Lynn Lemon asked if the UAC Board was comfortable with the Mutual Board's decisions? Ken said that he got the feeling that they were [comfortable]. He feels that if the Mutual is a major sponsor that should grant the Mutual exclusivity. In UAC's 2003 *Sponsorship, Advertising and Exhibitor Opportunities* brochure, Sonya White explained that a major sponsorship would be *The Works Package* that states: *Buy UAC's most expensive sponsorship in each of the three events and one advertising opportunity and receive a 15% discount off the total cost. Plus, the purchaser has right of first refusal the next year. Only one company can take advantage of this.* The cost would be approximately \$2400. Lynn said that Salt Lake County's biggest concern was that UAC would be lobbying for the Mutual. Dan explained that Council Member Skousen's concerns were taken care of at the UAC Board meeting. Lester said that in his conversations with Brent Gardner there are approximately six major issues and 12 minor issues per year that would affect the Mutual at the legislature. If the Mutual pays a fee for tracking, UAC would tell the Mutual what the committees are considering and when the meetings are scheduled. Kent Sundberg doesn't see UAC providing services justifying a fee of \$10,000. Dan asked Lester to make a recommendation. In looking through the UAC documents which included a 16% salary and benefits charge for Brent Gardner, Lester recommended a \$10,000-\$15,000 package that includes major sponsorship opportunities and legislative tracking. Lynn Lemon made a motion to pay UAC \$10,000 for legislative tracking and up to \$5000 in sponsorship opportunities for the 2004 year. The Board will analyze the fee for legislative tracking each year. Ken Bischoff seconded the motion, which passed 9-1, Kent Sundberg opposed the \$10,000 tracking fee. For this year, the Mutual will have a significant presence at the UAC Annual Convention in November as a sponsor/exhibitor.

Jerry Grover requested to be excused from the remainder of this meeting due to a prior commitment. The Board allowed Jerry's request.

BROKER'S REPORT

John Chino reported that he is in the pre-marketing phase of the Mutual's 2004 program. Separate companies are being marketed for liability and property. Quotes are scheduled for October. The property market has softened for the July 1 renewals but liability continues to rise, 15% for pools compared to the Mutual and up to 50% for higher risks. In the next quarter, liability may also start to soften. Kent

Sundberg asked if there is any advantage in renewing July 1? John replied that so many companies renew July 1 making it a disadvantage. Kent asked if John had any indication of the attachment point amount for 2004? John explained that the Mutual abandoned the attachment point option for the 2003 policy and Gallagher is marketing without that option for 2004. Kent asked John to comment on the actuary's comments regarding named insured on excess policies. John said he was unclear why the statement regarding the excess/reinsurance comparison was included in the opinion, there is a difference between unable to pay and unwilling to pay.

John Chino reported that the Local Health Departments were aggressively marketed and a premium, for the nine Departments, of \$13,000 was bound for July 1 coverage. Lester Nixon explained that States total annual premium was \$141,900; the Mutual provided six months coverage for \$56,900 (or \$113,800 annually). Mutual staff met with all the Health Officers at their July 10 meeting to review the program and services. Salt Lake Valley Health and Summit County Health are self-insured. Davis County has always included the Davis County Health Department in their exposures. Although the Health Departments are only 2% of the total premium, the Board may want to consider having a Health Officer on the Board or inviting them to attend meetings. Steve Baker stated that under Section 4.1 of the Bylaws, only counties are members so Health Officers should not serve on the Board.

LOSS CONTROL MANAGER'S REPORT

Mark Brady reported the severity of losses June 1999-2003 to the Board (see attachment #2). The 2003 policy year is slightly above what the Mutual was in 2001. 2002 continues to be the second best year since the inception of the Mutual. The largest single losses for 2004 through June (see attachment #3) occurred in the following Counties (in order from highest to lowest) Emery (Sheriff), Davis (Public Works), Wasatch (Administration), Weber (Sheriff), Washington (Property), Utah (Sheriff), San Juan (Public Works) and Uintah (Sheriff).

Mark Brady asked the Board, 'what does a Loss Control Manager do'? Replies were made such as offers advice, conduct training, inspect facilities and make safety recommendations. Mark explained that most of the telephone calls he receives are for legal advice on employment questions. Training this year has included defensive driving, personnel issues, supervisor training, Title VII and facilities management. The Mutual also participates in the Sheriff's, SWAP and T² Conferences. Mark visits each member county twice a year, once for inspections and once for the Risk Management Program (RMP) review. Over 20 counties participate in the RMP. Mark also, as Loss Control Manager, is a statistical analyst who responds to claim trends. Steve Baker asked if the Mutual would be moving towards training on the Internet? Mark is familiar and has reviewed the coalition to get modules but is unsure whether the Mutual is ready to commit to using that tool at this time. Lester Nixon added that he and Mark are researching the possibility of providing planning and zoning training as well.

DIRECTOR'S REPORT

WORKERS COMP. Lester Nixon reported that he is still waiting for loss data from the counties so that the Workers Comp program can be marketed.

ABILENE PARADOX. Lester Nixon reported that the Abilene Paradox CD and workbooks are available for the counties use.

INVESTMENT UPDATE. Lester Nixon reported that investments totaling \$2.5 million have been made to date on federally backed securities in accordance with the Money Management Act and are averaging interest rates of 3.5%.

SERVICE AWARDS TO RETIRING TRUSTEES. Lester Nixon explained that some pools recognize retiring Board Members with a gift and asked if the Mutual would like to do the same? Dan McConkie expressed that retiring Trustees should receive a gift and directed Lester to provide the Board with a recommendation at the next meeting.

SHERIFF'S TRAINING CONFERENCE. Lester Nixon reported that the Mutual staff will be exhibiting and participating in the Annual Sheriff's Training Conference in September and suggested that the Board schedule a 'linkage' discussion (what the Mutual is doing for them and any feedback) with the attending county sheriffs. Ed Phillips agreed and volunteered to contact Jim Robertson regarding time at the Conference. Lester will keep the Board informed of scheduling.

BUILDING OPTIONS. Lester Nixon explained to the Board that Brent Gardner has given him a Utah Association of Counties check in the amount of \$148,455.92 for unexpended revenues and reserves as agreed. Included with the check was a request to sign an Assumption Agreement (see attachment #3). The third paragraph of the Assumption Agreement reads: *...Assignee...assumes from Assignor, the obligation to pay its share of the debt service...* Lester is concerned that 'debt service' is not defined. Kent Sundberg advised that the President of UAC, not the Executive Director, should sign the Assumption Agreement. Lester also explained that a Bill of Sale was included with the check (see attachment #4) transferring equipment (see attachment #5). The equipment list does not recognize the Mutual's share of all jointly (40%) purchased equipment. Lester is reluctant to sign the Bill of Sale without direction from the Board. Lester has received a first quarter billing from Brent Gardner (see attachment #6) that show expenses based on square footage and per capita. Lester will adjust the excessive expenses. Several concerns are not addressed in the building agreement that has been drafted but not finalized such as: cost allocation of occupied space, held reserves, equity, expansion and other issues. Lynn Lemon recommended that the Mutual put together a proposal and finalize the building agreement so there is no room for misinterpretation in the future. The Board directed Lester Nixon to contact Attorney Craig Wentz for legal assistance in drafting a new building agreement that will include the definition of 'debt service' and address the equipment issue.

RECEIVE TRUSTEE RESIGNATION, BRENT GARDNER, UAC EXECUTIVE DIRECTOR

Dan McConkie reported that he received a written resignation from Brent Gardner as a member of the Mutual Board of Trustees (see attachment #7). Steve Wall made a motion to accept Brent Gardner's resignation from the Board of Trustees. Steve Baker seconded the motion, which passed unanimously.

RECEIVE FIRST QUARTER FINANCIAL STATEMENTS

Pursuant to the Bylaws, the Board received the first quarter financial statements. Lester explained that Larson & Company compiles the monthly financial statements for the Mutual and also conducts the annual audit. To comply with Government Auditing Standard #3, the Company has assigned the audit to one CPA and the financial statements to another CPA. Lester Nixon reviewed the month ending March 31, 2003 financial statements with the Board (see attachment #8). The Balance Sheet, page two, shows expenses of the prepaid reinsurance and other prepaid policies, liabilities of the amortized building expenses for the year (the Mutual hasn't paid any building expenses as of March) and assets of capital (premiums designated as surplus in the first years of operation) and unrestricted assets for a total surplus of \$6,169,092. Glenn Taylor's estimate for reserves is \$3.3 million.

APPOINTMENT to FILL UNEXPIRED TERM, AT-LARGE

The Board previously received all written requests to fill the unexpired at-large position, vacated by LaVar Cox. Requests to serve were received from: Jim Abegglen, Uintah County; Bill Cox, Rich County; Roger Handy, Box Elder County; Ira Hatch, Emery County; Robert Pero, Carbon County. Jim Eardley made a motion nominating Ira Hatch. Kay Blackwell made a motion nominating Bill Cox. Ken Bischoff moved to cease nominations. With a prevailing ballot vote, Ken Bischoff made a motion to appoint Ira Hatch to the Board serving At-Large. Steve Wall seconded the motion, which passed unanimously.

APPOINTMENT to NOMINATING COMMITTEE

LaVar Cox also held a seat on the Nominating Committee. Kay Blackwell made a motion to appoint Jim Eardley to the UAC Insurance Mutual Nominating Committee. Kent Sundberg seconded the motion, which passed unanimously.

APPROVAL of EMPLOYEE POLICY

Lester Nixon explained that Steve Baker's suggested changes have been incorporated in the draft Employee Policy (see attachment #9) as well as organization changes such as 'department head' to 'director'. Page 10, *M. Annual Bonus* was included in the Policy because a \$250 Christmas Bonus has historically been given to all UAC employees. Steve Baker said that it is out of the ordinary for a county to provide a bonus and it should be rolled into the employee's salary if its an automatic given. Steve Wall and Lynn Lemon said then the bonus is subject to benefits. Dan McConkie doesn't agree with the word bonus. Kay Blackwell made a motion to amend Annual Bonus to Annual Award, with the following wording: At the discretion of the

Director, an award, up to \$250, may be given to all full-time employees with the first payroll of December. Ed Phillips seconded the motion, which passed 9-1, Steve Baker opposed. Page 16, *H. Sexual Harassment Prohibited-All Employees* was changed to comply with the EEOC definition. Jim Eardley made a motion to approve the Employee Policy as corrected. Ken Bischoff seconded the motion, which passed unanimously.

ADOPTION of NAME CHANGE RESOLUTION & TIMING of ANNOUNCEMENT

To comply with Utah Code §17A-1-204(ii), Mark Brady drafted a resolution approving the name change of the Utah Association of Counties Insurance Mutual to the Utah Counties Insurance Pool (see attachment #10). A copy of the draft resolution was previously sent to the Board for review. Lynn Lemon made a motion to approve Resolution No. 2003-2. Ed Phillips seconded the motion, which passed unanimously. Lester Nixon explained that staff would like to announce the change of name at the Sheriff's Training Conference in September. The Board directed the announcement to be made once the member governing boards sign the Amended Interlocal Cooperation Agreement.

APPROVE AMENDMENTS to ARTICLES of INCORPORATION

A copy of the recommended amendments to the Articles of Incorporation was previously sent to the Board for review (see attachment #11). Lester Nixon explained that Attorney Barbara Berrett compared the Articles to requirements of the applicable sections of the Utah Code and her recommended changes have been incorporated. Ken Bischoff made a motion to approve the Amended Articles of Incorporation. Jim Eardley seconded the motion, which passed unanimously. The Amended Articles of Incorporation will be presented to the membership for approval in November.

APPROVE AMENDMENTS to BYLAWS

A copy of the recommended amendments to the Bylaws was previously sent to the Board for review (see attachment #12). Lester Nixon explained that Attorney Barbara Berrett compared the Bylaws to requirements of the applicable sections of the Utah Code and her recommended changes have been incorporated. Lynn Lemon made a motion to approve the Amended Bylaws. Jim Eardley seconded the motion, which passed unanimously. The Amended Bylaws will be presented to the membership for approval in November.

APPROVE AMENDMENTS to INTERLOCAL COOPERATION AGREEMENT

A copy of the recommended amendments to the Interlocal Cooperation Agreement was previously sent to the Board for review (see attachment #13). Lester Nixon explained that Attorney Barbara Berrett compared the Agreement to requirements of the applicable sections of the Utah Code and her recommended changes have been incorporated. Ed Phillips made a motion to approve the Amended Interlocal Cooperation Agreement. Steve Wall seconded the motion, which passed unanimously. The Amended Interlocal Cooperation Agreement will be sent to each member county for approval.

ADOPTION of GOALS, MISSION STATEMENT, PRINCIPLES and BELIEFS

Lester Nixon compiled a Pool Planning Document (see attachment #14), for the Board's review, that incorporates the Goals, Mission Statement, Principles & Beliefs developed by the Board at its June 5-6 retreat. The Document also includes a Situational Analysis, Key Success Factors and Action Plan. Lester recommended that the Board periodically fine-tune the Document for discussion at the Board's 2004 retreat. Jim Eardley made a motion to approve the Pool Planning Document, i.e., Goals, Mission Statement and Principles & Beliefs. Ed Phillips seconded the motion, which passed unanimously.

AWARD of ACTUARIAL SERVICE CONTRACT

Pursuant to the direction of the Board, Lester Nixon solicited proposals for actuarial services by mailing Request for Proposals (RFP) to ten known vendors. Seven responses were received and all have been reviewed. The RFP listed four criteria for judging responses that have been compiled (see attachment #15). The annual fees range from \$8,500 to \$32,500. By The Numbers Actuarial Consulting, Inc. proposed \$8,500 (\$4,500 less than Taylor-Walker who has been the actuary for the Mutual for four years). Lester knows the principal at By The Numbers who is a Fellow in the Casualty Actuarial Society. Steve Baker made a motion to award the actuarial contract to By The Numbers Actuarial Consulting, Inc. Jim Eardley seconded the motion, which passed unanimously.

APPROVAL of BUDGET AMENDMENTS

Lester Nixon reviewed the proposed budget amendments with the Board (see attachment #16). *Premiums Written* increased because of the additional premiums received from Morgan County and the Local Health Departments. *Investment Income* decreased because the interest rates have continued to decrease. *UAC Reimbursement* increased to include the reimbursed reserves for auto, debt service and building repairs. *Reinsurance* increased for the additional member and named insureds. *Bank Charges* added and budgeted at \$100 for the monthly return check fees. *Board Expense* increased to allow for an annual retreat and for Board members to attend training conferences. *Dues and Subscriptions* increased to allow for additional memberships and training material subscriptions. *Exhibiting and Sponsorship* added and budgeted at \$4000. *Lobbying & Legislative Tracking* added but no amount budgeted since the 2003 session is over. *Office Insurance* increased to cover property, D&O, workers comp. *Other Expenses* eliminated and *Professional Fees* added to more clearly depict this expense; amount budgeted decreased. *Premium Credits & Incentives* added to show the RMP credits and member incentives; budgeted at \$80,000 (Lester is not sure if the premium credits should be listed as an expense, he will work with the auditors). *Property & Equipment* added and budgeted at \$10,000 for computers, office equipment and furniture, etc. *Staff Expenses* increased to include additional travel and training. Jim Eardley made a motion to approve the 2003 budget amendments as presented. Ed Phillips seconded the motion, which passed unanimously.

RATIFICATION and APPROVAL of PAYMENTS

Lynn Lemon reviewed the payments made and payments to be made with the Board (see attachment #17). The Board had no questions regarding the expenditures. Lynn Lemon made a motion to ratify the payments made and the payments to be made from June 16 – July 17. Ken Bischoff seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

Kent Sundberg made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for July 17, 2003 at 1:02 p.m. Steve Wall seconded the motion, which passed unanimously.

Steve Wall made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation on July 17, 2003 at 1:15 p.m. Steve Baker seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing an amount up to \$50,000 to settle the matter of DAV03088930. Lynn Lemon seconded the motion, which passed unanimously.

Kent Sundberg made a motion to clarify authority in the matter of WEB00087920 authorizing an amount up to \$240,000, including attorney's fees. Jim Eardley seconded the motion, which passed unanimously.

Kent Sundberg made a motion to file an offer of judgment in the amount of \$101,000, plus reasonable attorney's fees, in the matter of WEB01088290. Authorization is contingent upon the review of the Weber County Jail Policy to confirm that the ACA Standards being followed are uniformly accepted nationally. Ken Bischoff seconded the motion, which passed unanimously.

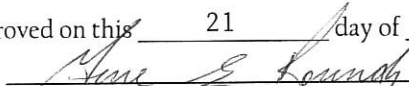
Kent Sundberg made a motion authorizing an amount up to \$60,000 to settle the matter of WAS03088470. Steve Wall seconded the motion, which passed unanimously.

OTHER BUSINESS

Lester Nixon explained that the AGRiP Governance Meeting is scheduled for October 20-22 at Marco Island, Florida. Board Members will contact Lester if they are able to attend.

The next meeting of the Board of Trustees is scheduled for August 21, 2003, 9:00 a.m. The Board will meet at the Cache County Administration Building in Logan.

Respectfully submitted by Sonya White, Executive Assistant

Approved on this 21 day of AUGUST 2003

Gene Roundy, UACIM Secretary-Treasurer

COPY

UTAH ASSOCIATION OF COUNTIES

A Unifying Voice for County Government

June 11, 2003

Commissioner Dan McConkie, President
UAC Insurance Mutual Board of Trustees
5397 South Vine Street
Murray, Utah 84107

Dear Commissioner McConkie:

I am writing to notify you and other members of your Board that I am resigning as a member of the Board of Trustees.

I have discussed my continued service on the Board with members of the UAC Board of Directors and the problems it presents for me in filling my duties with the Association. They concur and support me in taking this action today.

I recognize and appreciate the reasons behind the UACIM Board amending its bylaws to provide for the UAC Executive Director to serve on the Board of Trustees in conjunction with the separation of the two organizations. There are other means to accomplish those objectives and I am sure the Board will easily find another way to do so.

From the time the formation of the mutual was conceived in the late 1980's until today, I have enjoyed my opportunities to be a part of the formation and operation of UACIM and have devoted many hours in helping the Mutual become a success. I have also learned a great deal about insurance and liability matters that otherwise I would not have acquired. I appreciate those opportunities.

I pledge to you and your staff my cooperation in working together for mutual benefit of both organizations.

Sincerely,



L. Brent Gardner
Executive Director

Cc: Gary Herbert
LaMar Guymon
Camille Cain
Kay Blackwell
Linda Luncford



Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

211 STATE CAPITOL
SALT LAKE CITY, UTAH 84114
(801) 538-1025
FAX (801) 538-1383

DEPUTY STATE AUDITOR:
Joe Christensen, CPA

DIVISION OF LOCAL GOVERNMENT:
MacRay A. Curtis, CPA, Director
Richard Moon
Eckhard Bauer, CPA
Kent L. Godfrey, CPA

June 6, 2003

Board of Trustees
Utah Association of Counties Insurance Mutual
5397 South Vine St.
Murray, UT 84107

Dear Trustees:

We have reviewed the financial report submitted by the Utah Association of Counties Insurance Mutual for the year ended December 31, 2002. Our review was made to verify substantial compliance with generally accepted accounting principles (GAAP); *Government Auditing Standards*; and, where possible, to verify compliance with finance-related legal and contractual provisions as set forth by State law.

The financial report has been accepted as submitted for this year. However, the following modifications will need to be made in order for next year's report to be accepted as being in compliance with reporting requirements.

The notes to the financial statements would provide more complete disclosure if the guidance in *GASB Codification, Section 2300* were followed. In future years, please provide a note fully disclosing the risks associated with deposits and investments, as required by section 2300, paragraph 106(b) and (c).

We appreciate your dedicated service to your local governmental entity. Please contact Eckhard Bauer at 538-1394 if you have any questions.

Sincerely,

MacRay A. Curtis, CPA
Director, Local Government Division

cc: Larson & Company, CPAs

**UTAH ASSOCIATION OF
COUNTIES INSURANCE MUTUAL**

Financial Statements
and
Accountants' Compilation Report

March 31, 2003



LARSON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' COMPILATION REPORT

The Board of Trustees
Utah Association of Counties Insurance Mutual

We have compiled the accompanying balance sheet of **Utah Association of Counties Insurance Mutual** as of March 31, 2003, and the related statements of income and changes in retained earnings and cash flows for the three months then ended and the accompanying supplementary schedules, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the owners. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Larson & Company

Sandy, Utah
May 15, 2003

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Balance Sheet

As of March 31, 2003

ASSETS

Current assets:

Cash and cash equivalents \$ 11,247,991

Receivables:

Administration fee reimbursement receivable \$ 124,586

Accounts receivable 44,878

Total receivables

Prepaid expenses:

Other prepaid expenses

Prepaid reinsurance

Total prepaid expenses

Total current assets

Total assets

other policies
80,190
1,016,056 - *reinsurance*

169,464

1,096,246

12,513,701

\$ 12,513,701

LIABILITIES AND NET ASSETS

Current liabilities:

Reserves for loss and loss adjustment expenses \$ 3,401,748

Pass through premium 27,550

Unearned premium 2,893,561

Building related payables - *accumulated monthly* 21,750

Total current liabilities

Total liabilities

Net assets:

Capital - *contributed* \$ 2,233,303

Unrestricted 3,935,789

Total net assets

Total liabilities and net assets

6,169,092

\$ 12,513,701

The accompanying notes to financial statements
are an integral part of these financial statements.

See accountants' compilation report.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Statement of Income and Changes in Net Assets

For the Three Months Ended March 31, 2003

Income:

Premiums and other considerations	\$ 965,494	
Investment income	50,156	
Miscellaneous income	927	
Total income		<u>\$ 1,016,577</u>

Benefits:

Losses and loss adjustment expenses	656,570	
Reinsurance expense	344,986	
Total benefits		1,001,556

Administration expenses:

Accounting	504	
Actuary	5,304	
Auto Expense	459	
Brokerage Expense	20,000	
Board Expense	3,354	
Building - Maintenance	140	
Dues & Subscriptions	1,480	
Information Technology	157	
Insurance	973	
Lease Purchase (Debt Service)	21,750	
Loss Control - Training	241	
Office Equipment	306	
Office Supplies	642	
Other Expenses	(146)	
Other Insurance	612	
Postage	(1)	
Printing	728	
Professional Fees	1,074	
Staff Expenses	5,307	
Staff Salaries	37,948	
Staff - Payroll Misc.	2,788	
Staff Retirement	7,514	
Staff Medical Insurance	8,778	
Telephone	1,359	
Total administration expenses		<u>121,271</u>
Total benefits and expenses		<u>1,122,827</u>

Change in net assets	(106,250)
Net assets, beginning of year	<u>6,275,342</u>
Net assets, end of year	<u><u>\$ 6,169,092</u></u>

The accompanying notes to financial statements
are an integral part of these financial statements.

See accountants' compilation report.

Reconciliation of change in net assets to net cash used in operating activities:

Change in net assets		<u>\$ (106,250)</u>
Adjustments to reconcile net income to net cash provided by operating activities		
Interest received on investments	\$ (50,156)	
Changes in assets and liabilities:		
Increase in accounts receivable	(40,904)	
Increase in prepaid expenses	(1,096,246)	
Increase in reserves for estimated liabilities	115,265	
Increase in pass through premium	23,576	
Increase in unearned premium	2,893,561	
Increase in accounts payable	20,570	
Decrease in premiums paid in advance	<u>(611,871)</u>	
Total adjustments		<u>1,253,795</u>
Net cash flows provided by operating activities		<u><u>\$ 1,147,545</u></u>

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Notes to Statutory Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Association of Counties Insurance Mutual (the Mutual), was incorporated in December 1991 as a non-profit public agency insurance mutual under the mutual insurance statutes of the State of Utah as a self-insurance program to cover property and liability claims for counties who are members of the Mutual. All of the Mutual's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Mutual adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), in fiscal year 2002, effective January 1, 2001.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Significant estimates of the Mutual include the reserves for losses and loss adjustment expenses.

Income Taxes

The Mutual is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Notes to Statutory Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Mutual considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

The Mutual is required to follow the requirements of the Utah Money Management Act, Section 57-7, *Utah Code Annotated, 1953*, as amended, in handling its depository and investment transactions. This law requires that investment transactions be conducted through qualified depositories and stipulates the types of securities allowable as acceptable investment transactions. Management believes the Mutual was in compliance with the Utah Money Management Act during the three months ended March 31, 2003.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

2. INVESTMENTS IN UTAH PUBLIC TREASURERS' INVESTMENT FUND (PTIF)

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled \$11,216,479 for the month ended March 31, 2003.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Notes to Statutory Financial Statements

3. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 1.82% for the month ended March 31, 2003.

4. RELATED PARTY TRANSACTIONS

As of March 31, 2003, amounts receivable from the Association for reimbursement of administrative fees totaled \$124,586.

5. CONTINGENCIES

The Mutual is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

6. REINSURANCE

The Mutual has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention up to an aggregate loss limit. The Mutual has purchased reinsurance to protect against losses above these limits.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Mutual is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Mutual's net assets.

Reinsurance Recoverable in Dispute

The Company does not have any disputed balances or uncollectible funds.

SUPPLEMENTARY SCHEDULES

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Budget to Actual Comparison
For the Three Months Ended March 31, 2003

	2003 Budget	Y-T-D Actual	Budget Remaining	Percent Complete
Income:				
Premiums and other considerations	3,858,083	965,494	(2,892,589)	25%
Investment income	225,000	50,156	(174,844)	22%
Miscellaneous income	-	927	927	0%
Total income	4,083,083	1,016,577	(3,066,506)	25%
Benefits:				
Losses and loss adjustment expenses	2,626,278	656,570	1,969,708	25%
Reinsurance expense	1,354,742	344,986	1,009,756	25%
Total benefits	3,981,020	1,001,556	2,979,464	25%
Administration expenses:				
Accounting (Larson & Company)	14,750	504	14,246	3%
Actuarial Analysis (Taylor Walker)	13,000	5,304	7,696	41%
Administration Fee (UAC)	-	-	-	0%
Automobile Expense	7,500	459	7,041	6%
Automobile Reserve	15,120	-	15,120	0%
Brokerage Fees (Arthur J. Gallagher)	80,000	20,000	60,000	25%
Board Expense	8,000	3,354	4,646	42%
Building: Maintenance	12,000	140	11,860	1%
Building: Repairs & Replacement	5,634	-	5,634	0%
Building: Reserve	17,260	-	17,260	0%
Copying Costs	1,200	-	1,200	0%
Dues / Subscriptions	1,500	1,480	20	99%
Expenses Paid to UAC	-	-	-	0%
Information Technology	4,000	157	3,843	4%
Insurance	-	973	(973)	0%
Interest Expense	-	-	-	0%
Lease Purchase (Debt Service)	87,000	21,750	65,250	25%
Loss Control / Training	14,000	241	13,759	2%
Office Equipment	-	306	(306)	0%
Office Supplies	2,500	642	1,858	26%
Other Expenses	50,000	(146)	50,146	0%
Other Insurance	1,500	612	888	41%
Other Services (UAC)	5,000	-	5,000	0%
Postage	1,000	(1)	1,001	0%
Printing	1,000	728	272	73%
Professional Fees	-	1,074	(1,074)	100%
Staff Expenses	17,500	5,307	12,193	30%
Staff Salaries	189,815	37,948	151,867	20%
Staff Payroll	-	2,788	(2,788)	0%
Staff Retirement	40,580	7,514	33,066	19%
Staff FICA	14,304	-	14,304	0%
Staff Medical Insurance	32,340	8,778	23,562	27%
Telephone	5,500	1,359	4,141	25%
Total administration expenses	642,003	121,271	520,732	19%
Change in net assets	(539,940)	(106,250)	433,690	20%

Note:

This year is 25% complete

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Schedule of Income and Change in Net Assets by Policy Year
For the Month Ended March 31, 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Income:													
Premiums and other considerations	-	-	-	-	-	-	-	-	-	-	-	322,480	322,480
Investment income	-	-	-	-	-	-	-	-	-	-	-	17,457	17,457
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-	-	-	-	-	339,937	339,937
Benefits:													
Losses and allocated expenses paid	-	-	-	-	-	538	3,247	12,901	4,717	15,867	17,476	51,898	106,644
Case reserves	-	-	-	-	-	(538)	(2,725)	(4,516)	(24,101)	(1,867)	15,504	52,292	34,049
Incurred but not reported	-	-	-	-	-	-	(622)	(8,385)	19,383	(14,001)	(32,981)	94,477	57,971
Owed and paid recoverable	-	-	-	-	-	-	-	-	-	-	-	-	-
under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	119,195	119,195
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	20,189	20,189
Total benefits	-	-	-	-	-	-	-	-	-	-	-	338,051	338,051
Administration expenses:													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	3,960	3,960
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	25	25
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	6,667	6,667
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	1,236	1,236
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	140	140
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	88	88
Information Technology	-	-	-	-	-	-	-	-	-	-	-	973	973
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	7,250	7,250
Lease Purchase (Debi Service)	-	-	-	-	-	-	-	-	-	-	-	(673)	(673)
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	309	309
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	2	2
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Postage	-	-	-	-	-	-	-	-	-	-	-	131	131
Printing	-	-	-	-	-	-	-	-	-	-	-	204	204
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	983	983
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	13,677	13,677
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	1,010	1,010
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	7,514	7,514
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	3,655	3,655
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	568	568
Telephone	-	-	-	-	-	-	-	-	-	-	-	47,718	47,718
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	(45,832)	(45,832)
Change in net assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowed capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	-	-	-	-	-	-	-	-	-	-	-	(45,832)	(45,832)

Monthly

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Schedule of Income and Change in Net Assets by Policy Year (Continued)
For the Three Months Ended March 31, 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Income:													
Earned premium	-	-	-	-	-	-	-	-	-	-	-	965,494	965,494
Investment income	-	-	-	-	-	-	-	-	-	-	-	50,156	50,156
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	927	927
Total income	-	-	-	-	-	-	-	-	-	-	-	1,016,577	1,016,577
Benefits:													
Losses and allocated expenses paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Case reserves	-	-	-	1,121	-	17,966	5,870	40,086	60,496	53,939	78,103	100,182	357,763
Incurred but not reported	-	-	-	(1,121)	-	(4,010)	(4,887)	(2,576)	5,769	49,660	(65,650)	160,979	138,164
Owed and paid recoverable	-	-	-	-	-	(13,956)	(983)	(37,510)	(66,265)	(103,599)	(12,453)	334,842	100,076
under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total benefits	-	-	-	-	-	-	-	-	-	-	-	344,985	344,985
	-	-	-	-	-	-	-	-	-	-	-	60,568	60,568
	-	-	-	-	-	-	-	-	-	-	-	1,001,556	1,001,556
Administration expenses:													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	504	504
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	5,304	5,304
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	459	459
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	-	-
Board Expense	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Building: Maintenance	-	-	-	-	-	-	-	-	-	-	-	3,354	3,354
Building: Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	140	140
Building: Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	1,480	1,480
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	157	157
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	973	973
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	21,750	21,750
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	241	241
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	306	306
Other Insurance	-	-	-	-	-	-	-	-	-	-	-	642	642
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	(146)	(146)
Postage	-	-	-	-	-	-	-	-	-	-	-	612	612
Printing	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	728	728
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	1,074	1,074
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	5,307	5,307
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	37,948	37,948
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	2,788	2,788
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	7,514	7,514
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	8,778	8,778
	-	-	-	-	-	-	-	-	-	-	-	1,359	1,359
	-	-	-	-	-	-	-	-	-	-	-	121,271	121,271
Change in net assets	-	-	-	-	-	-	-	-	-	-	-	(106,250)	(106,250)
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowed capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of period	-	-	-	-	-	-	-	-	-	-	-	(106,250)	(106,250)

See accompanying notes to statutory financial statements and accountants' compilation report

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Schedule of Income and Change in Net Assets by Policy Year (Continued)
Inception to March 31, 2003

	Policy Year											Total
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Income:												
Earned premium	1,302,622	1,443,143	1,571,870	1,775,358	1,844,816	2,271,005	2,351,523	2,479,776	2,351,234	2,352,140	2,405,492	965,494
Investment income	152,239	168,656	192,275	198,970	126,063	344,931	406,049	441,615	579,370	432,139	231,873	50,156
Administrative fee reimbursement	-	-	-	-	-	-	-	-	-	-	124,586	-
Miscellaneous income	-	-	-	-	-	-	2,000	15	-	2,271	5,877	927
Total income	1,454,861	1,611,799	1,764,145	1,974,328	1,970,879	2,615,936	2,759,572	2,921,406	2,930,604	2,786,550	2,767,828	1,016,577
												26,574,485
Benefits:												
Loss and loss adjustment expenses	1,259,596	1,559,186	1,452,911	1,115,903	1,617,424	1,343,144	1,558,000	1,182,541	1,092,769	699,903	1,283,582	596,003
Owed and paid recoverable	(409,596)	(459,186)	(102,911)	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	(971,693)
Unallocated loss adjustment expenses	201,001	202,002	207,006	247,610	239,514	236,022	287,021	253,050	224,000	223,958	232,960	344,985
Total benefits	1,051,001	1,302,002	1,557,008	1,363,513	1,856,938	1,579,166	1,845,021	1,435,591	1,316,769	923,901	1,516,542	1,001,556
												6,300.00
												16,749,006
Administration expenses:												
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	504
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	5,304
Administration Fee (UAC)	186,819	225,000	225,000	260,000	260,000	267,500	280,000	358,610	447,688	446,815	494,804	3,452,236
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	459
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Brokerage Fees (Arthur J. Gallagher)	150,000	150,000	150,000	125,000	125,000	108,125	105,000	105,000	101,000	105,000	80,000	20,000
Board Expense	-	-	-	-	-	-	-	-	-	-	-	3,354
Building: Maintenance	-	-	-	-	-	-	-	-	-	-	-	140
Building: Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-
Building: Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	1,480
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-	157
Interest expense	-	-	-	-	-	-	-	-	-	-	-	973
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Lease Purchase (Debi Service)	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	21,750
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	241
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	306
Other Expenses	16,693	8,563	23,169	13,490	20,706	4,121	20,958	4,143	3,363	30,837	48,309	642
Other Insurance	-	-	-	-	-	-	-	-	-	-	-	(146)
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	612
Postage	-	-	-	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-	-	-	(1)
Professional Fees	77,374	73,449	84,209	37,287	33,461	16,092	38,164	37,013	29,551	35,805	46,182	728
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	1,074
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	5,307
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	37,948
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	2,788
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	7,514
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-	-	8,778
Total administration expenses	430,886	457,012	482,378	435,777	439,167	395,838	444,122	774,665	620,822	618,457	669,295	1,359
												5,889,690
Change in net assets	(27,026)	(147,215)	(275,239)	175,038	(325,226)	640,932	470,429	711,150	993,013	1,244,192	581,991	(106,250)
												3,935,789
Contributed capital	401,913	430,206	464,180	460,780	476,224	-	-	-	-	-	-	-
												2,233,303
Change in non-admitted assets	-	-	-	-	-	(61,466)	34,202	25,264	(5,000)	7,000	-	-
												-
Borrowed capital	620,000	-	-	-	-	-	-	(30,101)	(589,899)	-	-	-
												-
Net assets, end of period	994,887	282,991	188,941	635,818	150,998	579,466	504,631	706,313	398,114	1,251,192	581,991	(106,250)
												6,169,092

See accompanying notes to statutory financial statements and accountants' compilation report

FACSIMILE TRANSMITTAL SHEET

TO: All Member County Officials (please copy and distribute)

FROM: The Board of Trustees

DATE: 6/4/2003

TOTAL NO. OF PAGES INCLUDING COVER:
1

RE: Available Board Position

☒ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☒ PLEASE REPLY ☐ PER YOUR REQUEST

NOTES/COMMENTS:

At the Board of Trustees meeting, scheduled for July 17, by majority vote of the Trustees, a vacancy in the position representing all counties at-large will be filled until the next annual meeting of the members in November.

A person, who has not been convicted of a felony and are an elected, appointed officer or employee of a member county may serve as a Trustee.

If you would like the Board to consider you for this vacancy, please send your written request by email (sonya@uacim.org) or fax (801-293-3480) by July 1.

For a list of powers and duties of the Board, call Sonya White at 801-293-3098.



UINTAH COUNTY

STATE OF UTAH

Our past is the nation's future.

COMMISSIONERS:

Dave Haslem
Michael J. McKee
Jim Abegglen

ASSESSOR - Gayla Casper
ATTORNEY - JoAnn B. Stringham
CLERK-AUDITOR - Mike Wilkins
RECORDER - Randy J. Simmons
TREASURER - Donna Richens
SHERIFF - Rick Hawkins
SURVEYOR - Robert L. Kay

RECEIVED JUN 25 2003

June 23, 2003

Sonya White
Utah Counties Insurance Mutual
5397 Vine Street
Murray, UT 84107

To Whom It May Concern:

I would like to nominate Uintah County Commissioner Jim Abegglen to fill the open seat on the Utah Counties Insurance Mutual Board. I feel a position on the board would allow Commissioner Abegglen to put his past experience in the private sector and with Vernal City to work for the benefit of us all.

Sincerely,

David Haslem, Chairman
Uintah County Commission

Subject: board member

Date: Wed, 18 Jun 2003 12:47:51 -0600

From: William Cox <rcaging@allwest.net>

To: Sonya White <sonya@uacnet.org>

I understand there is a vacant board position on the Insurance Board and would like to be considered for the position representing rural counties.

Sincerely

Commissioner William Cox

Subject: Insurance Mutual Member of Board of Trustees

Date: Fri, 13 Jun 2003 09:55:12 -0600

From: "Lorna Ravenberg" <lravenberg@boxeldercounty.org>

To: <sonya@uacim.org>

Sonya: Our County Auditor, Roger Handy, would like to be considered for the vacancy on the Board of Trustees for the Insurance Mutual. County Commission Chairman Suzanne Rees has approved.

Thanks for this consideration.

Lorna Ravenberg

FAX 801-243-3480

Sonya White

Utah Association of Counties Insurance Mutual

I would be willing to serve on the
U.A.C. Insurance Mutual board as a Counties
at large position.

If you need more info. let me know.

Ira -

IRA W. HATCH

EMERY COUNTY COMMISSIONER

Subject: UAC Insurance Mutual Board Vacancy

Date: Thu, 12 Jun 2003 16:49:29 -0600

From: Sonya White <sonya@uacim.org>

To: Commission <commission@co.emery.ut.us>

Thank you. I also received Commissioner Hatch's faxed written request. I will contact Commissioner Hatch once the appointment has been made.

Sonya White <sonya@uacim.org>
UAC Insurance Mutual

UAC Insurance Mutual Board Vacancy

Subject: UAC Insurance Mutual Board Vacancy

Date: Thu, 12 Jun 2003 14:48:25 -0600

From: "Commission" <commission@co.emery.ut.us>

To: "Sonya White" <sonya@uacnet.org>

Commissioner **Ira W. Hatch**, from Emery County, would like to be considered for appointment to the UAC Insurance Mutual board filling the at-large position.

Thank you for passing this information along.



CARBON COUNTY
PRICE, UTAH 84501

Date: June 17, 2003
To: Board of Trustees
Utah Association of Counties Insurance Mutual
From: Robert P. Pero
Subject: Available Board Position

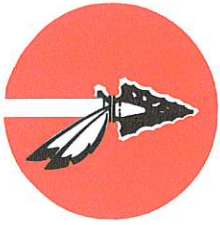
Dear Board Members,

Please accept my request to be considered for the At-large board position representing all counties. I have met with the full commission and have their support.

If you need any additional information, please contact me. Thank you for your consideration.

Sincerely,

Robert P. Pero
Carbon County Clerk/Auditor



UINTAH COUNTY

STATE OF UTAH

Our past is the nation's future.

COMMISSIONERS:

Dave Haslem
Michael J. McKee
Jim Abegglen

ASSESSOR - Gayla Casper
ATTORNEY - JoAnn B. Stringham
CLERK-AUDITOR - Mike Wilkins
RECORDER - Randy J. Simmons
TREASURER - Donna Richens
SHERIFF - Rick Hawkins
SURVEYOR - Robert L. Kay

RECEIVED JUN 25 2003

June 23, 2003

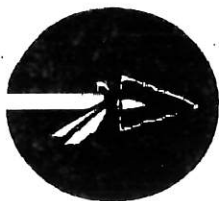
Sonya White
Utah Counties Insurance Mutual
5397 Vine Street
Murray, UT 84107

To Whom It May Concern:

I would like to nominate Uintah County Commissioner Jim Abegglen to fill the open seat on the Utah Counties Insurance Mutual Board. I feel a position on the board would allow Commissioner Abegglen to put his past experience in the private sector and with Vernal City to work for the benefit of us all.

Sincerely,

David Haslem, Chairman
Uintah County Commission



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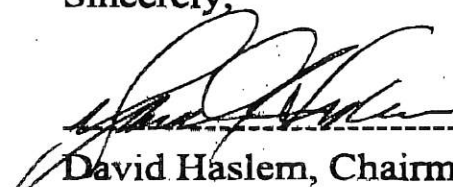
June 23, 2003

Sonya White
Utah Counties Insurance Mutual
5397 Vine Street
Murray, UT 84107

To Whom It May Concern:

I would like to nominate Uintah County Commissioner Jim Abegglen to fill the open seat on the Utah Counties Insurance Mutual Board. I feel a position on the board would allow Commissioner Abegglen to put his past experience in the private sector and with Vernal City to work for the benefit of us all.

Sincerely,



David Haslem, Chairman
Uintah County Commission

Subject: Insurance Mutual Member of Board of Trustees

Date: Fri, 13 Jun 2003 11:29:41 -0600

From: Sonya White <sonya@uacim.org>

To: Lorna Ravenberg <lravenberg@boxeldercounty.org>

Thank you Lorna. I will contact Roger once the Board has made the appointment.

Insurance Mutual Member of Board of Trustees

Subject: Insurance Mutual Member of Board of Trustees

Date: Fri, 13 Jun 2003 09:55:12 -0600

From: "Lorna Ravenberg" <lravenberg@boxeldercounty.org>

To: <sonya@uacim.org>

Sonya: Our County Auditor, Roger Handy, would like to be considered for the vacancy on the Board of Trustees for the Insurance Mutual. County Commission Chairman Suzanne Rees has approved.

Thanks for this consideration.

Lorna Ravenberg

JOURNAL

Jun. 04 2003 02:06PM

YOUR LOGO :UAC INSURANCE MUTUAL
 YOUR FAX NO. :8012933480

NO.	OTHER FACSIMILE	START TIME	USAGE TIME	MODE	PAGES	RESULT
01	JUDY	Jun. 04 01:10PM	00'51	SND	01	OK
02	KARLA	Jun. 04 01:11PM	00'51	SND	01	OK
03	KAYE	Jun. 04 01:12PM	00'43	SND	01	OK
04	KENT	Jun. 04 01:13PM	00'37	SND	01	OK
05	KIM	Jun. 04 01:14PM	00'35	SND	01	OK
06	LERAY	Jun. 04 01:15PM	00'54	SND	01	OK
07	LYNN	Jun. 04 01:17PM	00'39	SND	01	OK
08	MIKE	Jun. 04 01:18PM	00'36	SND	01	OK
09	MINDY	Jun. 04 01:18PM	00'33	SND	01	OK
10	PAMELA	Jun. 04 01:19PM	00'52	SND	01	OK
11	PAT	Jun. 04 01:21PM	00'34	SND	01	OK
12	RICK	Jun. 04 01:23PM	00'44	SND	01	OK
13	ROGER	Jun. 04 01:24PM	00'40	SND	01	OK
14	RYAN	Jun. 04 01:25PM	00'53	SND	01	OK
15	STACY	Jun. 04 01:26PM	00'54	SND	01	OK
16	STEVEN	Jun. 04 01:27PM	00'36	SND	01	OK
17	VALEEN	Jun. 04 01:28PM	00'43	SND	01	OK
18	PAUL	Jun. 04 01:29PM	00'38	SND	01	OK
19	RANAE	Jun. 04 01:30PM	00'36	SND	01	OK
20	14354386481	Jun. 04 01:32PM	00'50	SND	01	OK
21	14354382541	Jun. 04 01:36PM	00'46	SND	01	OK
22	14357342038	Jun. 04 01:38PM	00'38	SND	01	OK
23	14353862374	Jun. 04 01:46PM	00'54	SND	01	OK
24	14353872244	Jun. 04 01:49PM	00'57	SND	01	OK
25	14354385536	Jun. 04 01:51PM	00'42	SND	00	PRESSED THE STOP KEY
26	14354385536	Jun. 04 01:52PM	00'42	SND	00	OTHER FAX NOT RESPOND
27	14357167172	Jun. 04 01:54PM	00'39	SND	01	OK
28	14356363210	Jun. 04 01:57PM	00'42	SND	01	OK
29	14357843335	Jun. 04 02:01PM	00'42	SND	01	OK
30	4513202	Jun. 04 02:05PM	00'40	SND	01	OK

FOR FAX ADVANTAGE ASSISTANCE, PLEASE CALL 1-800-HELP-FAX (435-7329).

BROADCAST REPORT 2

Jun. 04 2003 01:31PM

YOUR LOGO :UAC INSURANCE MUTUAL
YOUR FAX NO. :8012933480

NO.	OTHER FACSIMILE	START TIME	USAGE TIME	PAGES (IQ-FAX)	RESULT
01	RICK	Jun. 04 01:23PM	00'44	01	OK
02	ROGER	Jun. 04 01:24PM	00'40	01	OK
03	RYAN	Jun. 04 01:25PM	00'53	01	OK
04	STACY	Jun. 04 01:26PM	00'54	01	OK
05	STEVEN	Jun. 04 01:27PM	00'36	01	OK
06	VALEEN	Jun. 04 01:28PM	00'43	01	OK
07	PAUL	Jun. 04 01:29PM	00'38	01	OK
08	RANAE	Jun. 04 01:30PM	00'36	01	OK
TOTAL			005'44	008 (000)	

FOR FAX ADVANTAGE ASSISTANCE, PLEASE CALL 1-800-HELP-FAX (435-7329).

BROADCAST REPORT 1

Jun. 04 2003 01:21PM

YOUR LOGO :UAC INSURANCE MUTUAL
YOUR FAX NO. :8012933480

NO.	OTHER FACSIMILE	START TIME	USAGE TIME	PAGES (IQ-FAX)	RESULT
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02	BARBARA	Jun. 04 01:03PM	00'47	01	OK
03	CAMILLE	Jun. 04 01:04PM	00'51	01	OK
04	DAVID	Jun. 04 01:05PM	00'42	01	OK
05	DENNIS	Jun. 04 01:06PM	00'43	01	OK
06	DEREK	Jun. 04 01:07PM	00'45	01	OK
07	ILENE	Jun. 04 01:08PM	00'46	01	OK
08	JUDY	Jun. 04 01:10PM	00'51	01	OK
09	KARLA	Jun. 04 01:11PM	00'51	01	OK
10	KAYE	Jun. 04 01:12PM	00'43	01	OK
11	KENT	Jun. 04 01:13PM	00'37	01	OK
12	KIM	Jun. 04 01:14PM	00'35	01	OK
13	LERAY	Jun. 04 01:15PM	00'54	01	OK
14	LYNN	Jun. 04 01:17PM	00'39	01	OK
15	MIKE	Jun. 04 01:18PM	00'36	01	OK
16	MINDY	Jun. 04 01:18PM	00'33	01	OK
17	PAMELA	Jun. 04 01:19PM	00'52	01	OK
18	PAT	Jun. 04 01:21PM	00'34	01	OK
TOTAL			012'57	018 (000)	

FOR FAX ADVANTAGE ASSISTANCE, PLEASE CALL 1-800-HELP-FAX (435-7329).

UAC INSURANCE MUTUAL

EMPLOYMENT

POLICIES & PROCEDURES

MANUAL

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IMPORTANT NOTICE-ALL EMPLOYEES

This Manual is provided to you as a reference guide regarding UACIM Policies and Procedures. **These policies and procedures as well as the benefits provided by UACIM to its employees may be amended from time to time by action of the UACIM Board of Trustees. The Board of Trustees reserves the right to amend, alter, or revoke any policy, practice, benefit, or employment condition, at any time, or for any reason, with or without notice.**

No contract exists between UACIM and its employees or any third parties with respect to salary ranges, movement within salary ranges, employee benefits, work location, or any other aspects of employment. These may change as a result of salary surveys, job analysis, availability of funds, job performance, changes in workload, or changes in Mutual policies and procedures. Employment with UACIM is "at will" and may be terminated at any time.

No ~~department heads~~, supervisors, or elected officials have the authority to vary the terms of this policy manual.

SECTION I INTRODUCTORY PROVISIONS-ALL EMPLOYEES

UAC Insurance Mutual, “the Mutual” or “UACIM”, is a political subdivision operating under the laws of the State of Utah.

A. *Applicability of Policies and Procedures*

These policies and procedures apply to all employees of the Mutual.

B. *Authority for Policies*

The UACIM Board of Trustees establishes the policies and procedures that are outlined in this document. The Board may alter, amend, or supplement these policies at any time. The UACIM Board of Trustees must approve any amendments or changes to the policies and procedures.

C. *Savings Clause*

If any provision of these policies and procedures, or the application thereof, is found to be in conflict with any State or Federal Law, the remainder of these policies and procedures that is not in conflict with any State or Federal Law shall remain in force.

SECTION II EQUAL EMPLOYMENT OPPORTUNITY-ALL EMPLOYEES

A. *Non-Discrimination*

UACIM is an equal opportunity employer. UACIM complies with Federal and State non-discrimination laws with respect to employment on the basis of race, color, national origin, sex, age, disability, or religion. UACIM complies with Title VII, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Equal Pay Act and other applicable laws relating to non-discrimination in employment. Employment at UACIM is based upon the applicant or employee's qualifications, suitability for the job, job references, and ability to perform the functions of the job.

B. *Nepotism*

The Mutual complies with Utah Code Ann. §§ 52-3-1 to 52-3-4 (1953, as amended) regarding the employment of relatives.

If because of marriage, promotion, reorganization or other reason, it appears that a conflict with Utah law or this policy exists, the Director, and the Board of Trustees shall review the matter.

If it is determined that a conflict exists, resignation of one of the family members will be required.

SECTION III EMPLOYMENT STATUS AND COMPENSATION

A. *Employment Positions*

UACIM positions are generally designated either full-time or part-time positions. Each job description shall state whether the position is a full or part-time, seasonal or temporary position and if it is an exempt or non-exempt position for purposes of the Fair Labor Standards Act (FLSA). Employees holding full-time positions receive the benefits and protections described in this manual. Part-time employees receive proportional benefits.

An employee's classification determines the level of benefits for which the employee is eligible.

1. Full Time Positions: Employees who generally work thirty-two (32) or more hours per week in a permanent position, are full-time employees.
2. Part Time Positions: Employees who work less than thirty-two (32) hours per week on a continuous or recurring basis are part time employees.

B. *FLSA*

The Mutual abides by the provisions of the Fair Labor Standards Act.

C. *Payroll Procedures*

Paydays are twice a month, on the fifteenth and the last day of the month. When payday fall on a Saturday, the payday will be the preceding Friday. When the payday falls on a Sunday, the payday will be the following Monday.

D. *Termination Pay*

Employees who leave UACIM service for any reason will be paid the wages due them at the next regularly scheduled payday. UACIM will also pay terminating employees for accrued vacation time or sick leave as due.

SECTION IV BENEFITS

The Mutual provides a variety of benefits to eligible employees. Among the benefits provided are a retirement program, a long-term disability insurance program, medical and life insurance plans, and a deferred income investment program.

The Mutual may add, alter or eliminate benefits at its discretion.

A. Retirement-Full-Time Employees

In order to help its employees plan and prepare for retirement, the Mutual participates in the public employee retirement program of the Utah State Retirement System, a 401k plan, and a deferred compensation plan. The Mutual contributes the maximum allowable employer contribution into the retirement system. The Mutual pays 8.54% of payroll for each employee into the 401k plan, and 4.3% into the deferred compensation plan.

B. Group and Medical Insurance-Full-Time Employees

The Mutual provides the following life and health benefits to full-time employees and their dependents:

1. Major medical and surgical
2. Dental Care
3. Vision Care
4. Group Term Life
5. Accidental Death and Dismemberment
6. Workers' Compensation (employees only)
7. Long term disability (employees only)

The Mutual pays 100% of the cost for insurance coverage of the employee and eligible dependents. The cost of optional coverages and amounts above the basic package are the responsibility of the employee.

The Mutual annually places \$200 per employee and per each family member (spouse, children) into a Section 125 Cafeteria Plan. Plan funds may be used by the employee to pay for deductibles, co-payments, and eligible, unreimbursed healthcare expenses.

C. Holidays

The Mutual provides paid holidays to allow employees to enjoy a break in the work routine and to commemorate special Federal and State historical events and activities.

The first day of January – New Years Day

The third Monday of January – Martin Luther King Day

The third Monday of February – Presidents' Day

The last Monday of May – Memorial Day

The 4th of July – Independence Day

The 24th of July – Pioneer Day

The first Monday of September – Labor Day

The second Monday of October – Columbus Day

The 11th of November – Veteran's Day

The fourth Thursday and Friday of November – Thanksgiving Day

The 25th of December – Christmas Day

Should a holiday occur while an employee is on vacation, the employee will not be charged with vacation on the day of the holiday.

To be eligible for holiday pay an employee must work the regular scheduled day prior to the holiday, or the first regular scheduled day after the holiday, or be on a paid leave using vacation pay, sick leave pay, or accrued compensatory time etc.

D. Vacation-Full-Time Employees

The Mutual provides paid vacation to all full-time employees according to the following schedule:

Eligible employees earn vacation as follows:

<u>Service</u>	<u>Annual Vacation Days Earned</u>
Less than 5 years	12 days
5 but less than 10 years	15 days
10 years and over	20 days

Here are some general vacation rules:

1. Employees may use their vacation anytime, subject to staffing requirements of the Mutual.
2. Legal holidays occurring while an employee is on vacation are not deducted from an employee's accrued vacation time.
3. Vacation hours may be carried forward to succeeding years. However, no more than 45 days (360 hours) may be carried forward. All accumulated vacation leave above 45 days will be converted and paid to the employee at current rate of pay at the end of the calendar year.
4. Vacation time will not accrue while an employee is on leave of absence.
5. ~~Employees may not take vacation time before earning it unless approved in advance by the Director.~~

E. Sick Leave-Full-Time Employees

The Mutual provides compensated sick leave to full-time employees who cannot perform their normal duties as a result of illness or injury. Sick leave is a privilege and employees should use it responsibly. Intentional misuse of sick leave may be grounds for discipline, up to and including termination.

Eligible employees may earn sick leave at the rate of one day of leave for every month worked (one day for each full month of service). Employees may take sick leave for personal illness or to care for sick family members (spouse, child, or parent). Here are some general sick leave rules:

1. As a courtesy, employees taking sick leave should provide notice at least one hour prior to beginning of shift ~~as much advance notice as possible to their supervisors~~ in order to minimize disruption to the workplace.
2. Employees absent from work due to their own illness or injury will be carried on the payroll in a leave with pay status for a time equal to the compensated sick leave accrued. After exhausting accrued sick leave, additional time off for illness will be charged to vacation time.
3. Sick leave may be taken in increments smaller than eight hours.
4. Legal holidays occurring while a full-time employee is ill will not be deducted from an employee's accrued sick leave.
5. There is a limit of 120 days of sick leave that may be accrued and carried forward to succeeding years.

6. Unused sick leave may be converted to additional vacation time at the rate of one sick day leave equals one-half day additional vacation time and either taken as vacation or paid to the employee, at current rate of pay, at the end of the calendar year.
7. Employees do not earn sick leave while on an unpaid absence.
8. After three (3) consecutive days of sick leave, at the Mutual's discretion, an employee may be required to provide a doctor's certificate of illness with respect to any sick leave taken.
9. Employees are encouraged to build up sick leave so that days are available for serious illness. Employees who regularly use up sick leave will be counseled regarding the difficulties such a practice may create.

F. Bereavement Leave-Full-Time Employees

The Mutual grants funeral leave to employees who suffer the death of a member of the immediate family, or a close relative. It is the intent of the Mutual to be considerate of an employee's special needs and to be supportive in the death of a loved one.

As a result of this consideration, the Mutual may provide the individual with paid time off from work to attend the funeral and to fulfill other responsibilities before the funeral.

If an employee suffers the death of a close relative, and requests time off from work during the period of bereavement, the Director may approve the request based on the following:

1. The necessity and appropriateness of having the time off. The employee should be attending the funeral and/or have certain responsibilities to fulfill before the funeral.
2. The amount of time off:
 - a. If the deceased was a member of the employee's immediate family (spouse, child or child of a spouse, parent or parent of a spouse, sibling or sibling of a spouse, brother or sister-in-law, grandparents, and grandchild or grandchild of a spouse), the employee may have paid time off up to five (5) days at any time between the death and the day of the funeral.
 - b. For other close relatives (aunt, uncle, niece, or nephew of either the employee or spouse) the employee may have paid time off for the day of the funeral.

3. The pay for bereavement leave will be based on the employee's normal rate of pay and the number of hours in the normal workday. Employees may request additional days off and use accrued time, or leave without pay, as appropriate.
4. In the event of the death of a member of the immediate family while an employee is on vacation, the vacation will be extended by the amount of time normally authorized as outlined above.

G. Family and Medical Leave-Full-Time Employees

The Mutual complies with all applicable requirements of the Family and Medical Leave Act of 1993 (FMLA).

1. An employee's use of FMLA will not result in the loss of any employment benefit that accrued prior to the start of the employee's leave. However, the employee must first use any accrued paid vacation, compensatory time, and sick leave during the FMLA leave period. In calculating the twelve (12) week FMLA limit, all paid leave will be included.
2. The Mutual has adopted the calendar year as the basis for determining FMLA eligibility. However the Mutual retains the right to change the eligibility period when it is determined to be in the best interest of the Mutual to do so in terms of administration.
3. Upon returning from FMLA leave, most employees will be reinstated to the same, or equivalent, position with equivalent pay, benefits, and other employment terms as previously provided. There will be no loss of benefits that accrue prior to the start of the employee's leave.

H. Jury Duty

Every employee is entitled to a leave of absence when subpoenaed or ordered to appear as a juror or witness by the Federal Government, State of Utah, or political subdivision thereof. If the employee turns over the juror or witness fee to the Mutual along with a copy of the subpoena, the Mutual will pay the employee's regular compensation. Travel time to or from juror or witness duty is also considered an approved absence, but the Mutual will not pay for mileage regardless of whether the subpoena requires travel during work hours.

I. Education Assistance-Full-Time Employees

Mutual employees are encouraged to seek further education to perform their jobs more effectively and to enhance their professional development. UACIM may subsidize the education expenses of employees under specified circumstances. This policy is subject to availability of funds, and applies only to full-time employees.

1. Program Eligibility

The education program must provide a benefit to the Mutual by directly relating to the work the employee currently performs or will be required to perform.

2. Reimbursement

Education assistance shall not exceed \$500 in any one year. Tuition costs shall not be carried into the next budget year for reimbursement.

3. Procedures

- a. Employees are encouraged to attend classes during non-working hours. In the alternative, the Director may flex an employee's work schedule to allow the employee to attend classes.
- b. To receive education assistance, an employee must receive approval from the Director prior to commencement of the class.
- c. To be reimbursed, the employee must complete the approved class with a final grade of "C" or better. If the course is only offered on a pass/fail basis, the employee must receive a passing grade.
- d. The employee must submit proof of a satisfactory grade and proof of tuition payment to the Director prior to reimbursement.

4. Required Classes

If the Mutual requires an employee to attend an education program or class, the Mutual shall pay the full cost of the program or class.

J. Travel for UACIM Business

The Mutual will pay for mileage or other transportation costs, lodging and a per diem for travel authorized for Mutual business. The amounts paid are determined from time to time by the UACIM Board of Trustees.

1. Mileage. The Mutual will pay for mileage at the approved rate when an employee uses a personal vehicle for official business outside normal travel to and from work.
2. Per Diem. The Mutual will pay per diem at a rate established by the Board of Trustees for employees away from home on approved business.

3. UACIM Automobiles. An automobile is provided to the Director and the Loss Control Manager as part of the benefit package. Expenses for the use of the automobiles are paid by the Mutual, except gasoline for personal, out of state use.
4. Other Travel Expenses. The Mutual will pay or reimburse employees for other expenses, such as lodging or airfare, on approved business trips.

K. Cost of Living Adjustment

1. Employee salaries ~~shall~~ may be adjusted annually to protect them from inflation of the local economy. COLA will be paid only if funds are available in the budget.
2. The adjustment ~~shall~~ will be based upon the percentage increase (if any) of the U.S. Department of Labor, Consumer Price Index for the Salt Lake City Area as reported in January of each year, which shall be the effective date of the salary adjustment.

L. Merit Salary Increases

1. Merit salary increases for employees shall be considered annually on the basis of a satisfactory performance review.
2. Merit salary increases shall only be granted upon approval of the Director and the Board of Trustees.
3. The effective date of the merit increase shall be the employee's anniversary date of employment with the Mutual.

M. Annual Bonus

The Mutual provides an annual bonus of ½ of 1% of salary, or \$250, whichever is greater, to all full-time employees with the first payroll of December.

N. Disclaimer

The Mutual reserves the right to make changes in benefits, providers, or other benefit issues at any time.

SECTION V WORK POLICIES-ALL EMPLOYEES

A. Terminating Employment

An employee's employment with the Mutual may terminate in different ways:

1. Resignation. Employees may resign at any time. However, as a courtesy, the Mutual requests that employees give two weeks written notice so that the Mutual has time to prepare final paperwork and arrange to assure a minimal disruption to the work. Any accrued vacation and sick leave will be paid at the time of resignation.
2. De-facto Resignation. Employees who are absent from work for three (3) consecutive days and are capable of providing notice to their supervisor, but fail to do so, are considered to have voluntarily resigned.
3. Involuntary Termination

B. Outside Employment

No Mutual employees may engage in any outside employment or activity that impairs the performance of their duties or is detrimental to our customer service.

C. Absence Without Leave

No employee may be absent from duty without permission. All employees should notify the Director prior to an absence. In emergency situations where prior notification is not possible, the employee should notify as soon as possible.

If a pattern (two or more) of unexplained or unexcused absences develops, employees may be subject to a disciplinary action, including termination.

D. Work Hours

All full-time employees are expected to work their assigned schedule.

1. Hours are from 8:30 a.m. until 5:00 p.m.
2. Each employee is allowed a thirty minute lunch period. The employee's actual time will be determined by the Director. Employees are normally

expected to be present during all other work hours unless special arrangements are made with the Director from time to time for cause.

3. Generally, employees are not allowed to skip their lunch break to leave work early.

E. Standards of Conduct

The Mutual expects its employees to conduct themselves diligently and honorably in their assignments on behalf of the public. Employees should:

1. Work diligently on their assigned duties during their assigned work schedules.
2. Make prudent use of Mutual funds, equipment, buildings, supplies, and time.
3. Work courteously with coworkers and the public.
4. Observe work place rules of conduct and safety.
5. Meet the standards of their individual job descriptions.
6. Report and correct circumstances that prevent employees from performing their jobs effectively or completing their assigned tasks.

F. Employee Discipline

Employees who violate Mutual policy are subject to discipline. Depending upon the circumstances, the Mutual may transfer, suspend, reduce pay, demote, or terminate employees who violate Mutual policy. Grounds for discipline may include, but are not limited to:

1. Inefficiency.
2. Incompetence.
3. Failure to maintain skills.
4. Inadequate performance levels.
5. Neglect of duty.
6. Misconduct.
7. Inability to work in harmony with coworkers.

8. Rudeness to the public.
9. Disobedience of a reasonable order of a supervisor.
10. Dishonesty.
11. Insubordination.
12. Misappropriation or damage to public funds or property.
13. Misuse of public funds or property.
14. Tardiness.
15. Unapproved absences.
16. Any act inimical to public service.
17. Felony convictions and other violations of state and federal law

This list is not exhaustive and is set forth as a guideline. This list should **not** be construed as preventing or limiting the Mutual from taking disciplinary action, including termination, in circumstances where the Mutual deems such action to be appropriate, regardless of whether the Mutual has specifically identified a written rule or policy. Similarly, employees may be disciplined for violations of Mutual policy found in other sections of this manual, violations of State or Federal law, or violations of relevant policies, rules or laws promulgated elsewhere.

Employees may appeal disciplinary action through the Mutual's Dispute Resolution process.

G. Drug Free Workplace

UACIM is committed to providing a safe work place and ensuring the safety of the general public and asks your cooperation in this effort.

The purpose of this policy is to implement the Federal Drug Free Workplace Act of 1988 by providing for a safe and productive work environment that is free from impaired performance caused by employee use or abuse of controlled substances, medication, and/or alcohol. This policy establishes procedures for controlling drug or alcohol use or abuse in the workplace and applies to all employees. Impaired means an SMQ or impermissible quantity of a drug as shown in Attachment 1.

1. Responsibility of Employees

- a. No employee shall unlawfully manufacture, dispense, possess, use, or distribute any controlled substance, medication, or alcohol.
- b. Any employee convicted under a federal or state statute regulating controlled substances shall notify his or her supervisor within five (5) days after the conviction.
- c. No employee shall consume alcohol immediately before work, during work hours while at work, during breaks, or during lunch. No employee shall be impaired by alcohol, illegal drugs, or medication during work hours. No employee shall represent the Mutual in an official capacity while impaired by alcohol, illegal drugs, or medication.
- d. If an employee is using medication that may impair performance of duties, the employee shall report that fact to his or her supervisor.
 - (i) No employee using medication that may impair performance shall operate a motor vehicle on behalf of the Mutual.

2. Reasonable Suspicion Testing

- a. Any employee who has reason to believe that the performance of another employee is impaired by alcohol, illegal drugs, or medication shall notify the impaired employee's supervisor. At the request of the employee's supervisor, the employee suspected of being under the influence of alcohol and/or drugs shall submit to a chemical test of their bodily fluids. Refusal to submit to a test shall be deemed a violation of this policy subject to ~~discipline~~ disciplinary action, up to and including termination.

The Cost of the test shall be paid by UACIM.

3. Corrective Action

- a. The supervisor of an employee whose performance is impaired by alcohol, illegal drugs, or medication, shall take corrective action, which may include discipline.
- b. Upon taking corrective action, the Director shall prepare a written report stating the reasons for the action.
- c. An employee impaired by illegal drugs or alcohol during work hours shall be relieved from duty and shall use accumulated leave for the absence.
- d. An employee impaired by medication during work hours may be relieved from duty and shall use accumulated vacation leave for the absence.

- e. The Director may change an employee's assignment while the employee is using medication, if the employee is impaired by the medication.
- f. If a ~~Department Head~~ the Director has reason to believe that an employee may be abusing an illegal drug, medication, or alcohol, the ~~Department Head~~ Director may refer the employee to an evaluation program for the purpose of obtaining a diagnosis.
 - (i) The cost of the evaluation and any necessary testing shall be paid by the Mutual.

4. Treatment Program

- a. If an employee admits abusing an illegal drug, medication, or alcohol, or if it is determined by a medical or other recognized professional diagnosis that an employee is abusing an illegal drug, medication, or alcohol, the Director may refer the employee to a treatment program based on the severity of the condition.
 - (i) The employee shall participate in the treatment program at the employee's expense.
 - (ii) The ~~Department Head~~ Director may change an employee's assignment while the employee is enrolled in a treatment program.
- b. An employee participating in a treatment program shall use accumulated leave consistent with the sick leave policy for any absence.
- c. The employee shall provide documentation of successful completion of the treatment program.
 - (i) After the employee's successful completion of the treatment, the ~~Department Head~~ Director shall reinstate the employee to the employee's former or equivalent position.
- d. The employee shall sign a release to allow communication between the Director and the treatment provider. All such communication shall be maintained in a confidential file separate from the employee's personnel file.
- e. ~~Department Head~~ The Director may dismiss an employee who refuses to enroll in a treatment program, fails to successfully complete the program, or fails to provide documentation of completion.
- f. ~~Department Head~~ The Director may reassign an employee returning from treatment.

H. Sexual Harassment Prohibited-All Employees

UACIM does not tolerate sexual harassment. Sexual harassment is a form of employee misconduct that interferes with workplace productivity and wrongfully deprives employees of the opportunity to work in an environment free from a harassing or sexually charged atmosphere. Offenders are subject to discipline, up to and including termination. Sexual Harassment means “Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile, or offensive working environment” (Equal Employment Opportunity Commission Guidelines, Section 1064.11).

All employees are responsible for ensuring that the workplace is free from all forms of sexual harassment.

1. Sexual harassment encompasses a wide range of behaviors, including sexual attention, sexual advances, requests for sexual favors, and other verbal, visual, or physical conduct of a sexual nature.
2. Examples of sexual harassment may include, but are not limited to the following:
 - a. Implying or threatening adverse employment actions if sexual favors are not granted.
 - b. Promising preferential treatment in return for sexual favors.
 - c. Subtle pressure for sexual activity.
 - d. Inappropriate touching of any individual i.e. petting, pinching, hugging, or repeated brushing against another employee’s body.
 - e. Offensive remarks, including unwelcome comments about appearance, obscene jokes, or other inappropriate use of sexually explicit or offensive language
 - f. The display of sexually suggestive objects or pictures.
 - g. Disparaging remarks about a person’s gender.
 - h. Spreading stories about a person’s sexual conduct.

- i. Questions about a person's sexual activity.
 - j. Physical aggression such as pinching or patting.
 - k. Verbal sexual abuse disguised as humor.
 - l. Obscene gestures.
 - m. Horseplay or bantering of a sexual or off-color nature.
 - n. Other actions of a sexual nature that affect the terms and conditions of a person's employment.
 - o. Conduct or comments consistently targeted at only one gender, even if the content is not sexual.
3. The Mutual considers prompt reporting of harassment to be a condition of your employment. If you believe that you have experienced or witnessed sexual harassment, you must immediately report your concern to the Director. If you feel uncomfortable reporting to the Director, contact a member of the UACIM Board of Trustees.
 4. The Mutual will not retaliate against any person who reports sexual harassment.
 5. The Mutual will investigate allegations of sexual harassment and will take appropriate action against any person found to have violated this policy. Individuals who engage in sexual harassment are subject to discipline, which may include, but is not limited to reprimand, reassignment, suspension, demotion, termination, or other sanctions.

I. Harassment Based on Other Protected Categories Prohibited-All Employees

The Mutual believes that a workplace free from hostile, intimidating, or offensive behavior is the most productive workforce. Employees should use courtesy and common sense when interacting with coworkers. Employees who harass others based upon their color, national origin, age, religion or disability are subject to discipline, up to and including termination. All employees should work together in a professional manner with courteous, mutual respect.

Harassment based on color, national origin, age, religion or disability encompasses a wide range of behaviors, including racially based derogatory comments, taunting, or treatment. Examples of racial harassment may include, but are not limited to, the following:

1. Slurs or put-downs based on color, national origin, age, religion or disability.
2. Materials such as cartoons or e-mails making fun based on color, national origin, age, religion or disability.

The Mutual considers prompt reporting of harassment to be a condition of your employment. If you believe that you have experienced or witnessed harassment based on color, national origin, age, religion or disability, you must immediately report your concern to the Director. If you feel uncomfortable reporting to the Director, contact a member of the Board of Trustees.

The Mutual will investigate allegations of racial or sexual harassment and will take appropriate action against any person found to have violated this policy. Individuals who engage in racial or sexual harassment are subject to discipline, which may include, but is not limited to reprimand, reassignment, suspension, demotion, termination, or other sanctions

J. Computer & E-mail Usage-All Employees

The Mutual recognizes that excessive personal use of Mutual-owned computers during work hours can affect productivity. **The Mutual reserves the right to monitor computer usage, files stored on Mutual computers, and Internet usage.**

For purposes of this policy, "files" means all documents, programs, e-mail, and Internet locations that are created, accessed, stored, or temporarily located on a Mutual computer.

1. Personal Use. Employees may use assigned computers for limited personal purposes. This approval is similar to the occasional personal use of telephones during breaks. Excessive use of the computer for personal reasons is not allowed.
2. Inappropriate Usage. Employees are not allowed to use a computer for self-employment, or outside employment purposes. Entering or maintaining information on a Mutual computer that is in violation of the Mutual's Policies and Procedures, or that violates state or federal law, is prohibited.
3. Privacy. All files created, accessed, or stored on a Mutual computer are considered Mutual property. Employees are advised that there is no right to privacy when using a Mutual Computer.
4. Licenses. Employees shall use computer software only in accordance with the license agreement. Copying software licensed to, or developed by, UACIM for home computer use or any other purpose is prohibited. Bringing software from home computers to run on UACIM computers is also prohibited.

5. Equipment. Only authorized employees may purchase, move, alter, or repair computer equipment and wiring.
6. E-mail. Employees may use the Mutual's e-mail functions as explained above.
7. Internet Access. Internet usage falls within the above constraints.
8. Disciplinary Action. Employees using Mutual computers in an unauthorized or inappropriate manner may be disciplined. Discipline may include termination.

K. Seat Belt Use – All Employees

Employees must use seatbelts while in vehicles pursuing official business.

L. Cell Phone Use – All Employees

1. Cell phones should not be used when it is a distraction to driving.
2. Whenever possible, pull over when safe to use the phone.

SECTION VI DISPUTE RESOLUTION PROCESS

A. *Dispute Resolution Philosophy*

The Mutual encourages its employees to work to resolve disputes amicably and informally. When a dispute arises regarding suspension, transfer, demotion, or dismissal, full-time employees may seek redress through the dispute resolution process. When a dispute arises regarding unlawful discrimination, all employees may seek redress through the dispute resolution process. The following definitions apply to the dispute resolution process:

1. Suspension. An absence imposed as discipline, without pay, which may or may not result in further disciplinary action.
2. Transfer. An involuntary job assignment change from one department to another.
3. Demotion. A job classification change to a lower grade.
4. Dismissal. Involuntary termination from Mutual employment
5. Unlawful Discrimination. A claim of discriminatory treatment based on a protected category such as race, color, national origin, sex, age, disability, or religion.

This dispute resolution process is intended to foster fair resolution of employee disputes. Therefore, procedure should not override efforts to amicably resolve differences. However, in order to expeditiously resolve disputes and minimize interference with the public's business, matters of timing should be adhered to unless good cause is shown or the parties agree to extensions.

The Mutual prohibits retaliation against employees who utilize the dispute resolution process. Employees with questions regarding how the dispute resolution process works may seek counseling from the Director regarding procedure; however, the Director cannot comment or provide advice on the substantive issues in dispute. Employees may select a representative of their choice to represent them at any stage of the dispute resolution process.

The Mutual urges employees to attempt to resolve disputes informally with their Director ~~supervisors or department heads directly~~. Before launching a formal review with a ~~department head~~ the Director, employees should attempt to resolve disputes by dealing directly with the individuals involved. However, the Mutual recognizes that there are circumstances where employees may feel uncomfortable addressing issues directly with a supervisor. In such cases, employees may proceed directly to the next step of the dispute resolution process.

B. Dispute Resolution Procedure

The Mutual's dispute resolution process involves ~~three~~ two steps. Employees who are unhappy with the outcome of any step may proceed to the next step in the process. Step one of the dispute resolution process must be commenced within 30 calendar days of the event giving rise to the dispute or within 30 calendar days of the time the employee reasonably should have known of the event giving rise to the dispute.

Step One: ~~Department Head Review~~ Director Review

Step Two: Board of Trustees Review

~~Step Three:~~

1. Department Head Director Review. If a dispute remains unresolved after an informal attempt to work out a solution, an employee may file a written appeal with the ~~department head~~ Director stating the basis of the dispute and outlining the employee's position. The ~~department head~~ Director has ten working days to respond to the employee's dispute.

Director Review. ~~If the employee so chooses, the employee can appeal the decision of the department head to the Director. The Director has ten working days to make a determination on the appeal in writing.~~

2. Board of Trustees Review. If the employee is unsatisfied with the outcome of the Director review, or if the Director fails to respond within ten working days, the employee has ten working days from the receipt of the Director's response, or the date the Director should have responded, to file a written appeal with the Board of Trustees. The Board may request additional information from the parties involved and, at its discretion, may hold an informal hearing attended by the parties. If the Board elects to hold a hearing, the Board will issue a written decision to the parties within fifteen working days from the hearing date. If the Board elects not to hold a hearing, the Board will issue a written decision within fifteen working days of receipt of the last additional information requested by the Board from the parties.

ATTACHMENT 1

Significant Measurable Quantity (SMQ) means the impermissible quantity of a drug, including alcohol, that indicates a positive drug and/or alcohol test in violation of UACIM's written policy. The SMQ for drugs is established by the Federal Department of Health and Human Services and is subject to change. The SMQ for alcohol is based on the Federal Highway Administration (FHWA) and is subject to change.

<u>Drug</u>	<u>Screening (ng/ml)</u>	<u>Confirmation (ng/ml)</u>
<u>Marijuana</u>	<u>50</u>	<u>15</u>
<u>Cocaine</u>	<u>300</u>	<u>150</u>
<u>Meth/Amphetamine</u>	<u>1000</u>	<u>500*</u>
<u>Opiates</u>	<u>300</u>	<u>300</u>
<u>Phencyclidine (PCP)</u>	<u>25</u>	<u>25</u>
<u>Barbiturates</u>	<u>300</u>	<u>300</u>
<u>Benzodiazepines</u>	<u>300</u>	<u>300</u>
<u>Propoxyphene</u>	<u>300</u>	<u>300</u>
<u>Methadone</u>	<u>300</u>	<u>300</u>
<u>Alcohol</u>	<u>0.04</u>	<u>0.04</u>

* Amphetamine must be present in a concentration greater than 200 ng/ml to report a specimen positive for methamphetamine. If the amphetamine concentration is less than 200 ng/ml, a 1-methamphetamine analysis must be performed. When the 1-methamphetamine percentage is greater than 80%, the specimen is reported as negative.

**RESOLUTION APPROVING AND AUTHORIZING THE CHANGE OF THE NAME OF THE
UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL TO THE UTAH COUNTIES
INSURANCE POOL**

WHEREAS, the Utah Association of Counties Insurance Mutual is no longer under directorship of the Utah Association of Counties, and

WHEREAS, the Board of Trustees of the Utah Association of Counties Insurance Mutual has determined that it is in the best interest of the Utah Association of Counties Insurance Mutual to change its name to the Utah Counties Insurance Pool in a public meeting on June 5, 2003.

NOW, THEREFORE, be it resolved, by the Board of Trustees that the name of the Utah Association of Counties Insurance Mutual is hereby changed to the Utah Counties Insurance Pool.

RESOLVED ADOPTED AND ORDERED this _____ day of _____, 2003.

BOARD OF TRUSTEES
UTAH COUNTIES INSURANCE POOL

By: _____
Dan R. McConkie
President

AMENDED ARTICLES OF INCORPORATION
OF
UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL POOL

ARTICLE I

NAME

1.1. The name of the Corporation is Utah Association of Counties Insurance Mutual Pool (hereinafter referred to as the "~~Mutual~~" Pool).

ARTICLE II

DURATION

2.1. The period of duration of the Mutual Pool shall be perpetual so long as the ~~Amended Bylaws are renewed as provided in the Bylaws of the Mutual, or until dissolved by mutual consent pursuant to such Bylaws. 50 years after the date of the original~~ Interlocal Cooperation Agreement establishing the Utah Counties Insurance Pool and its predecessor, Utah Association of Counties Insurance Mutual.

ARTICLE III

PURPOSE

The purposes of the Mutual Pool are:

3.1. To assume insurance risks as a public agency insurance mutual pursuant to §31A-5-214 1-103 and §11-13-103 of the Utah Code and related provisions of the laws of the State of Utah, as amended from time to time.

3.2. To operate a public agency insurance mutual as a non-profit Corporation.

3.3. To provide insurance to, to obtain specific or aggregate excess insurance, or cede or accept reinsurance for, member Utah counties as permitted by the laws of the State of Utah, as amended from time to time, and as determined by the Board of Trustees of the Mutual Pool.

3.4. To engage in other lawful business and provide other services reasonably incidental to the provision of the insurance including, but not limited to, risk management, loss prevention and related services, and claims adjusting. To hold, buy, sell or lease real or personal property reasonably incidental to the insurance business. Nothing in this article shall require the Mutual Pool to engage in or provide any business or service reasonably incidental to its insurance business.

ARTICLE IV

MEMBERS

4.1. The Mutual Pool shall be composed of members, and each policyholder shall be a member of the Mutual Pool. ~~Only counties which are members of the Utah Association of Counties may be policyholders.~~ Members will exercise voting rights as set forth in the Amended Bylaws.

ARTICLE V

GOVERNING BOARD

5.1. The affairs and management of the Mutual Pool shall be under the control of the Board of Trustees. ~~The initial Board of Trustees shall be composed of nine persons in which management and control of the Mutual Pool shall be vested, to be appointed by the President of the board of Directors of the Utah Association of Counties, to serve until the first annual meeting of the members of the Mutual.~~ The number of Trustees constituting the governing board shall be as fixed, from time to time, by the Amended Bylaws of the Mutual Pool.

5.2. The names and addresses of the persons ~~who shall serve~~ serving as the ~~initial~~ Trustees are as follows:

Steve Baker
Davis County Personnel Director
PO Box 618
Farmington, UT 84025

Jerry Grover
Utah County Commissioner
100 East Center #2300
Provo, UT 84606

Kenneth Bischoff
Weber County Commissioner
2380 Washington Blvd., Suite 360
Ogden, UT 84401

Lynn Lemon
Cache County Executive
120 North 100 West
Logan, UT 84321

Kay Blackwell
Piute County Commissioner
PO Box 9
Marysvale, UT 84750

Dan McConkie
Davis County Commissioner
PO Box 618
Farmington, UT 84025

James Eardley
Washington County Commissioner
197 East Tabernacle
St. George, UT 84770

Ed Phillips
Millard County Sheriff
SR Box 50
Fillmore, UT 84631

Gene Roundy
Iron County Commissioner
440 East 200 South
Cedar City, UT 84720

Steven Wall
Clerk-Auditor Sevier County
250 North Main
Richfield, UT 84701

Kent Sundberg
Deputy Attorney Utah County
100 East Center #2400
Provo, UT 84606

ARTICLE VI

DESIGNATION OF REGISTERED OFFICE AND REGISTERED AGENT

6.1. The ~~initial~~ registered office of the Mutual Pool ~~shall be~~ is located at ~~4021 S. 700 East, Suite 180~~ 5397 South Vine Street, Salt Lake City, Utah 84107.

6.2. The ~~initial~~ Board of Trustees has appointed, and the ~~initial~~ registered agent of the Mutual Pool at the address of the ~~initial~~ registered office, ~~shall be~~ is ~~L. Brent Gardner~~ Lester Nixon.

I hereby acknowledge and accept appoint as corporate registered agent:

Lester Nixon

ARTICLE VII

PRINCIPAL PLACE OF BUSINESS

7.1. The ~~initial~~ principal office of the Mutual Pool shall be located at ~~4021 S. 700 East, Suite 180~~ 5397 South Vine Street, Salt Lake City, Utah 84107. The business of the Mutual Pool may be conducted in all counties of the State of Utah, and in all states of the United State, and in all territories thereof, as the Board of Trustees shall determine.

ARTICLE VIII

INCORPORATORS

8.1. The name and address of each incorporator of the Mutual Pool is as follows:
Name and address:

~~Thomas V. Hatch~~
~~15 North Main~~
~~Panguitch, UT 84759~~
Dan McConkie
Davis County Commissioner
PO Box 618
Farmington, UT 84025

~~L. Brent Gardner~~
~~55 South State St., #300~~
~~Salt Lake City, UT 84111~~
Lester Nixon
Director
5397 South Vine Street
Salt Lake City, UT 84107

ARTICLE IX

IMMUNITY FROM PERSONAL LIABILITY

9.1. It is the intent of the ~~Mutual~~ Pool to provide the broadest possible immunity from personal liability to each Trustee, officer, and employee of the ~~Mutual~~ Pool as is allowed by applicable laws of the State of Utah including, but not limited to, the Governmental Immunity Act, the Corporations Code, and the Insurance Code, as each is amended from time to time.

VERIFICATION

Undersigned have executed these Amended Articles of Incorporation in duplicate this ____ day of _____ ~~1994~~ 2003, and say: That we are all incorporators herein; that we have read the above and foregoing Amended Articles of Incorporation; know the contents thereof, and that the same is true to the best of our knowledge and belief, excepting as to matters herein alleged upon information and belief, and as to those matters we believe to be true.

Signature

Signature

Signature
Secretary/Treasurer, Board of Trustees

ACKNOWLEDGEMENT

STATE OF UTAH)
) ss
COUNTY OF _____)

The above and foregoing signature of ~~Thomas V. Hatch~~ was subscribed and sworn to before me this _____ day of _____, ~~1991~~ 2003.

Witness my hand and official seal.

My commission expires on: _____

(SEAL)

Notary Public

Address

ACKNOWLEDGEMENT

STATE OF UTAH)
) ss
COUNTY OF _____)

The above and foregoing signature of ~~L. Brent Gardner~~ was subscribed and sworn to before me this _____ day of _____, ~~1992~~ 2003.

Witness my hand and official seal.

My commission expires on: _____

(SEAL)

Notary Public

Address

AMENDED BYLAWS FOR THE UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

These Amended Bylaws are adopted and entered into by and among Members of the Utah Association of Counties Insurance ~~Mutual Pool~~ ("Mutual Pool"), each of which hereby agrees to abide by the terms and conditions of these Amended Bylaws and all actions taken pursuant hereto.

ARTICLE 1. Authority.

- 1.1 These Bylaws are amended pursuant to the provisions of Paragraph 4 of Section 4 of the Amended Interlocal Cooperation Agreement.

ARTICLE 2. Definitions.

As used in these ~~Agreement~~ Bylaws, the following terms shall have the meaning hereinafter set out:

- 2.1 **Administrator.** The Board of Trustees of the Mutual Pool.
- 2.2 **Agreement.** The Amended Interlocal Cooperation Agreement for Utah Association of Counties Insurance Mutual Pool.
- 2.3 **Articles.** The Articles of Incorporation of the Mutual Pool.
- 2.4 **Board of Trustees or Board.** The Board of Trustees of the Mutual Pool.
- 2.5 **Bylaws.** The Amended Bylaws for Utah Association of Counties Insurance Mutual Pool.
- 2.6 **Code.** The Utah Code, including Utah Code Ann. Title 31A, as amended from time to time.
- 2.7 **County or Counties.** One or more of the twenty-nine counties of the State of Utah.
- 2.8 **Director.** The person designated by the Board of Trustees as Director of the Mutual Pool.
- 2.9 **Member.** A county that is a party to the Amended Interlocal Cooperation Agreement.
- 2.10 **Meeting.** A meeting of the Board of Trustees where a quorum is present and for which proper notice has been provided in accordance with Utah law.
- 2.11 ~~**Mutual.** Utah Association of Counties Insurance Mutual.~~
- 2.11 **Officer.** The President, Vice-President, or Secretary-Treasurer elected in accordance with

these Amended Bylaws.

- 2.12 **Pool.** Utah Counties Insurance Pool, an Interlocal entity.
- 2.13 **Representative.** The person designated pursuant to Article 4.5b to be a Member's official representative for the purposes of the Mutual Pool.
- 2.14 **Trustee.** A natural person elected or appointed in accordance with Article 5 of these Amended Bylaws to a Trustee position on the Board.

ARTICLE 3. Mutual Pool.

- 3.1 The Mutual Pool is a public agency insurance mutual and a political subdivision of the State of Utah as provided by law.
- 3.2 The Mutual Pool is formed, financed, organized, and shall operate in accordance with the Agreement, the provisions of these Bylaws and the Articles of Incorporation of the Mutual Pool.
- 3.3 The Mutual Pool may sue and be sued, complain and defend, in its corporate name.
- 3.4 The Mutual Pool is not assessable ~~mutual~~.
- 3.5 These Bylaws may be amended and shall continue in effect for a period of fifty years from the adoption date of the original Bylaws, at which time, they shall terminate unless renewed as permitted by law, or until earlier dissolved as provided herein.
- 3.6 The Mutual Pool shall have all powers necessary or desirable to achieve the purposes of the Mutual Pool as set forth in the Agreement, the Articles of Incorporation and these Bylaws.

ARTICLE 4. **Members.**

- 4.1 Membership in the Mutual Pool is limited to ~~those~~ Utah counties and county related entities that are Members of the Utah Association of Counties and which properly enter into the Agreement.
- 4.2 Counties, including former Members, may be admitted to the Mutual Pool after its formation only upon approval of the Board and subject to the conditions set out in the Agreement, these Bylaws and such additional conditions as the Board may from time to time require.
- 4.3 The Members shall have the power to:

- (a) Elect Trustees pursuant to Article 5 of the Bylaws.
- (b) Remove any Trustee from the Board by a two-thirds vote of the Members present at a meeting.
- (c) Voluntarily dissolve the Mutual Pool, but only at a meeting at which a majority of all Members, whether present at the meeting or not, vote in favor of the dissolution;
- (d) Amend the Bylaws by a two-thirds vote of the Members present at a meeting. Written notice of any proposed amendment shall be provided to each Member at least 30 days in advance of the vote thereon.
- (e) Amend the Articles of Incorporation by a two-thirds vote of the Members present at a meeting. Written notice of any proposed amendment shall be provided to each Member at least 30 days in advance of the vote thereon.

4.4 Members shall meet at least once annually. A meeting of the Members may be called by the Board or President pursuant to a procedure to be established by the Board, or upon written request executed by at least 30 percent of the Members.

- (a) Notice of any Member meeting shall be mailed to each Member at least 15 days in advance.
- (b) The President, Vice President, or Secretary-Treasurer of the Board shall preside at the meeting, or the President's designee if no other Officer is present at the meeting.
- (c) A majority of the Members shall constitute a quorum to do business.
- (d) Proxy voting shall not be allowed.
- (e) Each Member shall be entitled to one vote, to be cast by its representative. The representative shall be designated by the Member in accordance with Article 4.5(b) of the Bylaws.
- (f) The location of meetings of Members will be as determined from time to time by the Board.

4.5 Members shall have the obligation to:

- (a) Pay promptly all premiums and other payments to the Mutual Pool at such times and in such amounts as shall be established in accordance with these Bylaws, including any interest and penalties for late payment as may be required by a policy adopted by the Board.

- (b) Designate in writing a representative and one or more alternate representatives for the Members' meetings. Each representative and alternate representative must be an elected or appointed officer or employee of a Member and must be appointed by majority vote of the governing body or by the county executive or county mayor of the Member to be the Member's official representative for the purposes of the Mutual Pool. An alternate representative may exercise all the powers of a representative during a Member meeting, in the absence of the representative.
- (c) Allow the Mutual Pool, and its ~~Administrator~~, Director, agents, contractors, employees and officers reasonable access to all facilities and records of the Member as required for the administration of the Mutual Pool and implementation of the Agreement.
- (d) Cooperate fully with the Mutual Pool's attorneys, and ~~Administrator~~ its Director, and any other agent, contractor, employee or officer of the Mutual Pool in activities relating to the purposes and powers of the Mutual Pool.
- (e) Provide information requested by the Mutual Pool, its ~~Administrator~~ Director, and any other agent, contractor, employee or officer of the Mutual Pool, as reasonably required for the administration of the Mutual Pool.
- (f) Allow the Mutual Pool, and attorneys and others designated by the Mutual Pool, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Mutual Pool and also to deny coverage for any claims settled by a Member or for any monies paid by a Member toward claims without the prior written approval of the Mutual Pool.
- (g) Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.
- (h) Report to the Mutual Pool, in the form and within the time required by the Board, all incidents or occurrences that could reasonably be expected to result in a covered claim to the Mutual Pool under the policy coverage agreement issued to the Member.
- (i) Report to the Mutual Pool, in the form and within the time required by the Board, the addition of new programs, facilities and exposures or the significant reduction or expansion of existing programs and facilities covered under the policy coverage agreement issued to the Member.

ARTICLE 5. Board of Trustees.

5.1 The Board shall be comprised of ~~thirteen~~ twelve persons in the following manner:

- (a) One Trustee, appointed by the governing body of Davis County, representing Davis County;
- (b) One Trustee, appointed by the governing body of Utah County, representing Utah County;
- (c) One Trustee, appointed by the governing body of Weber County, representing Weber County;
- (d) Two Trustees, elected by member counties of the third class, representing Counties of the third class;
- (e) One Trustee, elected by member counties of the fourth class, representing counties of the fourth class;
- (f) One Trustee, elected by member counties of the fifth and sixth class, representing Counties of the fifth and sixth class;
- (g) Two Trustees, elected by all member counties, representing all counties at large;
- (h) One Trustee shall be a sheriff of a member county, who serves as the Chair of the Law Enforcement Committee, appointed by the Board;
- (i) One Trustee shall be the Chair of the Litigation Management Committee appointed by the Board;
- (j) One Trustee shall be the Chair of the Personnel Committee appointed by the Board; ~~and.~~
- ~~(k) — One Trustee shall be the Executive Director of the Utah Association of Counties.~~

Trustees serving pursuant to subsections (d)-(g) shall be Designated as "Elected Trustees" and serve two-year overlapping terms. Trustees serving pursuant to subsections (a)-(c) shall serve for two-year terms. Trustees serving pursuant to subsections (h)-(j) shall serve for two-year terms and may be reappointed to subsequent terms by the Board.

- 5.2 No person convicted of a felony may serve as a Trustee.
- 5.3 Each Trustee, ~~with the exception of the Executive Director of the Utah Association of Counties,~~ shall be an elected or appointed officer or an employee of a Member.
- 5.4 Election of Trustees shall take place at the annual meeting of the Members. Elected Trustees shall assume office at the first Board meeting of the calendar year following their election.

5.5 The Board of Trustees shall elect three Trustees to serve on a Nominating Committee at the first Board meeting of each calendar year. The Nominating Committee shall solicit nominations for available elected Trustee positions. Any elected official of a Member or any Trustee may nominate eligible persons to run for available elected Trustee positions. Nominations will be received at the Mutual Pool office no later than 30 days prior to the meeting at which the election is scheduled. The Mutual Pool will verify that each nominee is willing to serve if elected before forwarding the nominations to the Nominating Committee. The Nominating Committee shall review the nominations and select by a majority vote not more than three names to be placed on the ballot for each available elected Trustee position. A person may not be nominated and placed on the ballot for more than one available elected Trustee position. In the event that no nominations are received for one or more available elected Trustee positions, the President of the Board of Trustees can solicit nominations from the floor on the following conditions:

- (a) The nominee is eligible to serve as a Trustee under Articles 5.2 and 5.3; and
- (b) The nominee, if present, expresses a willingness to serve, or, if not present, the Mutual Pool has verified that the nominee has expressed in writing a willingness to serve.

5.6 In the event of a tie vote for elected Trustee positions:

- (a) If two nominees are running for the same elected Trustee position, the President of the Board of Trustees may conduct a coin toss when the votes are tied.
- (b) If three nominees are running for the same elected Trustee position and two of the three nominees have an equal and highest number of votes, the President of the Board of Trustees may call for a revote between the two nominees receiving the equal number of votes.

5.7 A vacancy shall occur on the Board when a Trustee:

- (a) Submits a written resignation to the Board.
- (b) Dies.
- (c) Is no longer an elected or appointed officer or employee of a Member.
- (d) Fails to attend three consecutive regular meetings of the Board without the Board having excused such absences except that such additional absence or absences shall be excused for temporary mental or physical disability or illness.
- (e) Is removed by the Members pursuant to Article 4.3 of the Bylaws.
- (f) Is convicted of a felony.

- 5.8 Any vacancy in the position of an elected Trustee may be filled by majority vote of the remaining Trustees until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.
- 5.9 Any vacancy in the position of an appointed Trustee under Article 5.1(a)-(c) shall be filled by appointment from the respective county and the Trustee shall serve for the remainder of the unexpired term. If the county is no longer a member, the Trustee position shall revert to an at large position and be filled by a majority vote of the remaining Trustees until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy.
- 5.10 Any vacancy in the position of an appointed Trustee under Article 5.1(h)-(j) shall be filled by majority vote of the remaining Trustees and shall fill the unexpired term of the Trustee.
- 5.11 To the extent permitted by law, Trustees may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board.
- 5.12 Each Trustee must be a resident of the State of Utah.
- 5.13 Subject to the limits described in Article 3.6 of the Bylaws, the powers of the Board shall include, but not be limited to, the powers to:
- (a) Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the Director, but only to the extent permitted by the laws of the State of Utah and these Bylaws.
 - (b) Establish premiums, pursuant to guidelines adopted by the Board from time to time.
 - (c) Serve as the policyholder of any group policies or plans.
 - (d) Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.
 - (e) Jointly self-insure or obtain reinsurance or excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverages and adopt and adjust coverages provided by or through the Mutual Pool, as the Board deems appropriate.
 - (f) Establish employment policies for the employees of the Mutual Pool including but not limited to policies, salaries and benefits.
 - (g) Provide for the administration of the moneys of the Mutual Pool, for the manner of payments to the Mutual Pool, and for payment of all expenses of the Mutual Pool; establish standards for the accountability of all receipts and disbursements

of the ~~Mutual~~ Pool; and establish procedures for safekeeping, handling, and investing such monies received or paid.

- (h) Acquire, lease, hold, and dispose of real and personal property.
- (i) Exercise the full power and authority of any Member of the ~~Mutual~~ Pool when requested to do so by the Member's governing body.
- (j) Provide for necessary activities, and enter into contracts as necessary or appropriate to accomplish the purposes of the ~~Mutual~~ Pool.
- (k) Do any act permitted by law and not in conflict with these Bylaws, the Agreement, or the Articles of Incorporation of the ~~Mutual~~ Pool.
- (l) Provide for an independent audit of claim handling procedures, payments, and overall operations of the ~~Mutual~~ Pool, at such times as the Board may determine.
- (m) Establish loss reduction, prevention and risk management policies, procedures, and requirements for Members of the ~~Mutual~~ Pool and provide risk management services and educational and other programs related to risk management.
- (n) Appoint committees from time to time, as the Board considers appropriate.
- (o) Approve a list of attorneys or law firms authorized to represent Members in claims covered by or through the ~~Mutual~~ Pool.
- (p) Obtain the services of agents, attorneys, brokers, consultants, employees, and service providers as necessary or appropriate for the operation of the ~~Mutual~~ Pool.
- (q) Exercise all powers of the ~~Mutual~~ Pool except those powers reserved to the Members, and all powers necessary and proper for the operation of the ~~Mutual~~ Pool and implementation of the ~~Mutual~~ Pool, subject to the limits of the Agreement, the Articles of Incorporation, Bylaws, and the Code. The Board is responsible for all operations of the ~~Mutual~~ Pool.

5.14 The Board shall:

- (a) Perform all duties required by Utah law, the Agreement, the Articles, and these Bylaws.
- (b) Obtain and provide to Members at least annually an audit of the finances of the ~~Mutual~~ Pool performed by an independent certified public accountant.
- (c) Provide for at least quarterly financial statements to account for income, expenses, assets and liabilities of the ~~Mutual~~ Pool.

- (d) Provide at least annually for an actuarial review of the Mutual Pool.
- (e) Adopt a budget annually and report the budget to the Members.
- (f) Require that fidelity bonds or appropriate insurance, in an amount to be determined by the Board, be in effect for ~~the Administrator~~, employees of the Mutual Pool, and every other person having access to moneys of the Mutual Pool.
- (g) Appoint an Audit Committee to review the financial statements, actuarial analysis, make recommendations to the Board on the financial affairs of the Mutual Pool, and make an annual report to the members regarding the financial affairs of the Mutual Pool.

ARTICLE 6. Officers, Meetings, Procedures.

- 6.1 The principal offices of the Board shall be: president, vice-president and secretary-treasurer. The principal offices shall be held by three separate natural persons. Officers shall be elected by and from among the Trustees, at the first Board meeting following each annual meeting of the Members. The Board shall establish the powers and duties of each officer, consistent with these Bylaws, the Agreement and the Articles of Incorporation of the Mutual Pool. All Members of the Board shall have full voting rights. The president shall preside over meetings of the Board and of the Members and shall perform such other duties as may be prescribed from time to time by the Board and the Members. The vice-president shall exercise the powers of the president in the absence of the president, and the secretary-treasurer shall exercise the powers of the president in the absence of the president and vice-president.
- 6.2 The Board shall fix the date, time and place of regular meetings that are scheduled in advance over the course of a year. Meetings may be called by the president, or by any five Members of the Board, by written notice mailed at least ten days in advance to all Trustees or by unanimously executed waiver of notice. Emergency meetings of the Board may be held to consider matters of an emergency or urgent nature, after an attempt has been made to notify all Board Members and a majority votes in the affirmative to hold the meeting. Notice, including public notice, of all meetings and the agenda shall comply with applicable laws of the State of Utah.
- 6.3 Seven Trustees shall constitute a quorum to do business. All actions of the Board shall require a quorum and a majority vote of the Trustees present, except where a different vote is required by these Bylaws.
- 6.4 The Board shall adopt such procedures as it deems necessary or desirable for the conduct of its business.
- 6.5 Any or all Trustees may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the

meeting can hear each other at the same time. Participation by such means shall constitute presence at the meeting.

- 6.6 The Board shall establish its own rules of order that are not in conflict with the laws of the State of Utah, the Articles, and other specific provisions of these Bylaws.

ARTICLE 7. Financing.

- 7.1 All monies of the ~~Mutual~~ Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Mutual Pool.
- 7.2 The Board shall establish Member premiums pursuant to guidelines established by the Board from time to time.
- 7.3 Any refund of surplus moneys shall be consistent with policies adopted by the Board.
- 7.4 Investments of monies of the ~~Mutual~~ Pool shall be limited to those investments permitted by the State Money Management Act, Utah Code Ann. §51-7-1 et seq. (2002), as amended.

ARTICLE 8. Withdrawal from the Mutual Pool.

- 8.1 Any Member may withdraw from the Mutual Pool, at the end of a coverage period after giving the Board timely written notice of such withdrawal, pursuant to a resolution of the Member's governing body. Timely written notice of such withdrawal must be provided to the Board no later than ~~90~~ 120 days day prior to the date the Member's coverage would otherwise renew. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is withdrawn by the Member 90 days prior to the date the Member's coverage would otherwise renew. The Board may, by a three-fourths vote and at its sole discretion, agree to permit an earlier date of withdrawal.
- 8.2 A withdrawn Member shall lose all voting rights upon the effective date of withdrawal. Any claim of title or interest to any asset of the Mutual Pool, and any continuing obligation of the Mutual Pool to the Member or of the Member to the Mutual Pool, after the effective date of the Member's withdrawal, shall be consistent with these Bylaws, the Agreement and any policy adopted by the Board, and the laws of the State of Utah.

ARTICLE 9. Termination of Membership.

- 9.1 ~~A Member which terminates its membership in the Utah Association of Counties shall not be a Member of the Mutual effective as of the end of the policy period during which the termination of the membership occurred.~~

- 9.1 A Member that fails to pay a premium due the Mutual Pool shall have its membership in the Mutual Pool terminated at 12:00 a.m. MST on the sixtieth day following the due date, unless time for payment is extended by the Board and payment is made within any extended period. A notice of failure to pay a premium due the Mutual Pool shall be mailed to the Member at least 30 days prior to the date of termination. A termination of membership under this paragraph shall not be subject to the provisions of Article 9.32.
- 9.2 Any membership in the Mutual Pool may be terminated by the Board or by a three-fourths vote of the Members for failure of the Member to carry out any other obligation of the Member, subject to the following:
- (a) The Member shall receive written notice from the Board of the alleged failure and shall be given not less than 30 days in which to correct the alleged failure, along with notice that termination of membership could result if the failure is not corrected.
 - (b) The Member may request a hearing before the Members at a membership meeting prior to the termination. The request shall be made in writing to the Board at least ten business days before the end of the period given by the Board to correct the alleged failure. The Board shall present the case for termination of membership at the hearing and the affected Member may present its case. The affected Member shall not be counted in determining the number of votes required, nor shall the representative of such Member be entitled to vote on the termination.
 - (c) If a request is not received pursuant to Article 9.32(b) of the Bylaws and if the failure is not corrected within the time required by the Board's notice, or any extension of such time as the Board may grant, the Board may terminate the membership. The Member may request a hearing before the Board on the proposed termination in lieu of a hearing before the Members. The request shall be made in writing and received by the Board at least five days before the end of the period given by the Board to correct the alleged failure, and shall be granted if so made.
 - (d) The Board shall provide the Member at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of membership may not take effect until such time after the conclusion of any hearing as the Board or Members, as applicable, may set.
- 9.3 Termination of membership shall be in addition to any other remedy that may exist.
- 9.4 A Member shall lose all voting rights upon termination of its membership. The terminating Member shall lose aAny claim of title or interest to any asset of the Mutual Pool, and any continuing obligation of the Mutual Pool to the Member or of the Member to the Mutual Pool, after the termination of membership, shall end. ~~be as determined consistent with the Agreement, these Bylaws, any policy adopted by the Board, and the laws of the State of Utah.~~

ARTICLE 10. Dissolution and Disposition of Property.

- 10.1 The Mutual Pool may be dissolved by the Members as provided in Article 4 and in the Agreement. In the event of voluntary dissolution of the Mutual Pool, the assets of the Mutual Pool not used or needed for the purposes of the Mutual Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties, which are Members of the Mutual Pool at the time of dissolution.
- 10.2 Upon partial or complete dissolution of the Mutual Pool by the Members in accordance with Article 4 of the Bylaws and the Agreement, the Trustees shall determine, consistent with these Bylaws, all other matters relating to the disposition of property and dissolution of the Mutual Pool by a two-thirds vote of all Trustees.
- 10.3 The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Mutual Pool.

ARTICLE 11. Liability of Board, Officers and Employees.

- 11.1 It is the intent of the Mutual Pool to provide the broadest possible immunity from personal liability to each Trustee, officer, and employee of the Mutual Pool allowed by applicable laws of the State of Utah including, but not limited to, the Governmental Immunity Act, the Corporations Code and the Insurance Code, as amended from time to time. The Mutual Pool shall defend and indemnify the Trustees, officers and employees of the Mutual Pool against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah. The Mutual Pool shall purchase liability or other appropriate insurance providing coverage for the Trustees, officers and employees of the Mutual Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

ARTICLE 12. Arbitration.

- 12.1 To the extent permitted by any applicable reinsurance or excess insurance, if the Board or its authorized representative and a Member disagree on whether a loss is covered through the Mutual Pool or on the amount of a covered loss, the Board or its authorized representative or the Member may request that the disagreement be submitted to binding arbitration as follows:
 - (a) Unless otherwise agreed by the Board or its authorized representative and the Member, three persons shall be selected for the arbitration panel, one by the Board

or its authorized representative, one by the Member, and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for fifteen days to agree upon the umpire, the dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.

- (b) The decision of the panel shall be binding on the Board or its authorized representative and the Member.
- (c) The Mutual Pool shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the Member shall pay the fees and expenses of the panelist selected by it, and the fees and expenses of the umpire shall be shared equally by the Mutual Pool and the Member.

ARTICLE 13. General Provisions.

- 13.1 Except as provided in these Bylaws and to the extent of the financial contributions to the Mutual Pool agreed to herein or such additional obligations as may come about through amendments to these Bylaws, no Member agrees or contracts herein to be held responsible for any claims made against any other Member. The contracting parties intend in the creation of the Mutual Pool to establish an organization to operate only within the scope herein set out and have not herein created as between Member and Member any relationship of partnership, surety, indemnification, or responsibility for the debts of or claims against any other Member.
- 13.2 The laws of Utah shall govern the interpretation and performance of these Bylaws.
- 13.3 In the event that any portion of these Bylaws is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and these Bylaws are expressly declared to be severable.
- 13.4 These Bylaws do not relieve any Member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Mutual Pool satisfies such obligation or responsibility.
- 13.5 All moneys received by the Mutual Pool are public funds, including earned interest, derived from its Members, which are counties within the State of Utah.
- 13.6 It is the intention of the Members that the Mutual Pool and any income of the Mutual Pool not be subject to taxation, and the Members shall cooperate in such respects, including amending these Bylaws, as reasonably necessary to establish and maintain the non-taxable status of the Mutual Pool.
- 13.7 Except as permitted in these Bylaws, and amendments hereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts

on behalf of the Members.

- 13.8 In the event of the payment of any loss by the ~~Mutual~~ Pool under this Agreement, the ~~Mutual~~ Pool shall be subrogated to the extent of such payments to all the rights of the Member against any other person or other entity legally responsible for damages for such loss, and in such event the Member agrees to render all reasonable assistance to effect recovery.

Dated this _____ day of _____, 200_.

By: _____

Print Name: _____

Title: _____ President _____

ATTEST:

By: _____

Print Name: _____

Title: _____ Secretary/Treasurer _____

Date: _____

AMENDED INTERLOCAL COOPERATION AGREEMENT

THIS IS AN INTERLOCAL COOPERATION AGREEMENT, made and entered into by and between members of Utah Association of Counties Insurance Mutual, a political subdivision of the State of Utah, each of which hereby agrees to abide by the terms and conditions of this Amended Agreement and all actions taken pursuant hereto.

WITNESSETH:

WHEREAS, pursuant to the provisions of the Interlocal Cooperation Act, Utah Code Ann. §11-13-101 et. seq. (~~1996~~2002), the Governmental Immunity Act, § 63-30-1 et. seq. (~~1993 & Supp. 1996~~2002) and the Utah Insurance Code, Utah Code Ann. § 31A-5-21~~51~~-103 (~~1994~~ 2002), public agencies, including political subdivisions of the State of Utah as therein defined, are authorized to enter into written agreements with one another for joint or cooperative action to establish a public agency insurance mutual; and

WHEREAS, the governing bodies of counties located in the State of Utah, by establishing and entering into an Interlocal Cooperation Agreement, formed Utah Association of Counties Insurance Mutual as a public agency insurance mutual: and

WHEREAS, the members of Utah Association of Counties Insurance Mutual now desire to amend that Interlocal Cooperation Agreement;

NOW, THEREFORE, the parties do mutually agree as follows:

Section 1. EFFECTIVE DATE; DURATION.

This Amended Interlocal Cooperation Agreement shall become effective and shall enter into force, within the meaning of the Interlocal Cooperation Act, upon the submission of this Amended Interlocal Cooperation Agreement to, and the approval and execution hereof by Resolution of the governing bodies of each of the parties. The term of this Amended Interlocal Cooperation Agreement shall be fifty (50) years, pursuant to Utah Code Ann. §11-13-17~~204~~ (~~1996~~2002), unless renewed as permitted by law, or until earlier dissolved as provided herein.

Section 2. CREATION OF A SEPARATE LEGAL ENTITY.

The parties to this agreement through their respective governing bodies and pursuant to the provisions of Utah Code Ann. §11-13-5~~203~~ (~~1996~~2002), hereby create a legal entity to be known as Utah Association of Counties Insurance Mutual Pool to provide the services described herein.

Section 3. PURPOSES.

This Amended Interlocal Cooperation Agreement has been established and entered into between the members of Utah Association of Counties Insurance Mutual Pool (herein referred to as the Mutual Pool) for the following purposes:

1. To comply with the Utah Insurance Code and other applicable laws of the State of Utah;
2. To ratify the previous formation of a group-funded Mutual Pool to fund through joint self-insurance, reinsurance, excess insurance, or other lawful manner, certain liabilities of member Utah counties, as permitted by the Utah Insurance Code and determined by the Board, with the powers set forth in the Amended Bylaws;
3. To provide, through the Mutual Pool, certain claims and risk management services related to the liabilities so funded, and assist members in reducing and preventing such liabilities; and
4. To provide other services and functions as permitted by law and the Articles of Incorporation of the Mutual Pool.

**~~Section 4. — ADMINISTRATION OF UTAH ASSOCIATION OF COUNTIES
INSURANCE MUTUAL.~~**

~~The parties hereby agree that Utah Association of Counties Insurance Mutual shall contract with Utah Association of Counties for administrative and management services, including a reasonable fee approved by the Board of Trustees and Utah Association of Counties to cover the cost of the services so provided.~~

Section 54. MEMBERS.

Membership in the Mutual is limited to those Utah counties and county related entities. ~~which are members of the Utah Association of Counties and which properly enter into this Amended Interlocal Cooperation Agreement.~~ Members shall have the power to:

1. Elect Trustees;
2. Remove any Trustee from the Board by a two-thirds vote of the members present at a meeting;
3. Voluntarily dissolve the Mutual, but only at a meeting at which a majority of all members, whether present at the meeting or not, vote in favor of the dissolution; and
4. Amend the Bylaws or the Articles of Incorporation by a two-thirds vote of the members present at a meeting.

Section 65. BOARD OF TRUSTEES.

The Mutual Pool shall be governed by a Board of Trustees. The Trustees shall be elected by the members, shall serve at the pleasure of the members and may be removed by the members in accordance with the Bylaws.

1. The Board shall be comprised of twelve persons in the following manner:
 - a. One Trustee, appointed by the governing body of Davis County, representing Davis County;
 - b. One Trustee, appointed by the governing body of Utah County, representing Utah County;
 - c. One Trustee, appointed by the governing body of Weber County, representing Weber County;
 - d. Two Trustees, elected by member counties of the third class, representing Counties of the third class;
 - e. One Trustee, elected by member counties of the fourth class, representing counties of the fourth class;
 - f. One Trustee, elected by member counties of the fifth and sixth class, representing Counties of the fifth and sixth class;
 - g. Two Trustees, elected by all member counties, representing all counties at large;
 - h. One Trustee shall be a sheriff of a member county, who serves as the Chair of the Law Enforcement Committee, appointed by the Board;
 - i. One Trustee shall be the Chair of the Litigation Management Committee appointed by the Board;
 - j. One Trustee shall be the Chair of the Personnel Committee appointed by the Board.

Trustees serving pursuant to subsections (d)-(g) shall be Designated as "Elected Trustees" and serve two-year overlapping terms. Trustees serving pursuant to subsections (a)-(c) shall serve for two-year terms. Trustees serving pursuant to subsections (h)-(j) shall serve for two-year terms and may be reappointed to subsequent terms by the Board.

2. Each Trustee shall be an elected or appointed officer or an employee of a Member.
3. Election of Trustees shall take place at the annual meeting of the Members. Elected Trustees shall assume office at the first Board meeting of the calendar year following their election.
4. Powers of the Board:

- a. Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the Director, but only to the extent permitted by the laws of the State of Utah and these Bylaws.
- b. Establish premiums, pursuant to guidelines adopted by the Board from time to time.
- c. Serve as the policyholder of any group policies or plans.
- d. Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.
- e. Jointly self-insure or obtain reinsurance or excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverages and adopt and adjust coverages provided by or through the Pool, as the Board deems appropriate.
- f. Establish employment policies for the employees of the Pool including but not limited to policies, salaries and benefits.
- g. Provide for the administration of the moneys of the Pool, for the manner of payments to the Pool, and for payment of all expenses of the Pool; establish standards for the accountability of all receipts and disbursements of the Pool; and establish procedures for safekeeping, handling, and investing such monies received or paid.
- h. Acquire, lease, hold, and dispose of real and personal property.
- i. Exercise the full power and authority of any Member of the Pool when requested to do so by the Member's governing body.
- j. Provide for necessary activities, and enter into contracts as necessary or appropriate to accomplish the purposes of the Pool.
- k. Do any act permitted by law and not in conflict with these Bylaws, the Agreement, or the Articles of Incorporation of the Pool.
- l. Provide for an independent audit of claim handling procedures, payments, and overall operations of the Pool, at such times as the Board may determine.
- m. Establish loss reduction, prevention and risk management policies, procedures, and requirements for Members of the Pool and provide risk

management services and educational and other programs related to risk management.

- n. Appoint committees from time to time, as the Board considers appropriate.
- o. Approve a list of attorneys or law firms authorized to represent Members in claims covered by or through the Pool.
- p. Obtain the services of agents, attorneys, brokers, consultants, employees, and service providers as necessary or appropriate for the operation of the Pool.
- q. Exercise all powers of the Pool except those powers reserved to the Members, and all powers necessary and proper for the operation of the Pool and implementation of the Pool, subject to the limits of the Agreement, the Articles of Incorporation, Bylaws, and the Code. The Board is responsible for all operations of the Pool.

~~The Board may exercise all powers of the Mutual Pool except those powers reserved to the members, and all powers necessary and proper for the operation of the Mutual Pool and implementation of the Mutual Pool, subject to the limits of the Articles of Incorporation, Amended Bylaws, and the Utah Insurance Code. The Board is responsible for all operations of the Mutual Pool.~~

~~The Board shall adopt such procedures as it deems necessary or desirable for the conduct of its business.~~

Section 76. OFFICERS.

The Board of Trustees shall elect and establish the duties of officers of the Mutual Pool in accordance with Utah law, the Amended Bylaws, and the Articles of Incorporation.

Section 87. COMMITTEES.

The Board of Trustees may establish from time to time such committees as shall be deemed appropriate by said Board.

Section 98. MANNER OF FINANCING.

~~Utah Association of Counties Insurance Mutual Pool~~ shall be funded by contributions from the members, the amount of such contributions shall be established by the Board of Trustees and consistent with the Utah Insurance Code.

All monies of the Mutual Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Mutual Pool. The Board of Trustees shall prepare an annual budget consistent with Utah Code Ann. 17A-1-408 et. seq.

Utah Association of Counties Insurance Mutual Pool is not an assessable mutual.

Section 109. PROPERTY USED IN COOPERATIVE UNDERTAKING.

Any real or personal property acquired, held, and used pursuant to this cooperative undertaking shall be administered and controlled by the Board of Trustees established in Section 65 hereof. Any disposition of said real or personal property shall also be administered and controlled by said Board of Trustees, pursuant to the terms of this Agreement.

The provisions of this Amended Agreement and the assets of the Mutual Pool are for the benefit of the members of the Mutual Pool only, and no other persons or entities shall have any rights or interest in this Agreement or in any of the other documents referred to herein or in any such assets, as a third party beneficiary or otherwise. The assets of the Mutual Pool shall not be subject to attachment, garnishment, or any equitable proceeding.

In the event of a voluntary dissolution of the Mutual Pool, as provided in Section 54 hereof, the property of the Mutual Pool not used or needed for the purposes of the Mutual Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties which are members of the Mutual Pool at the time of dissolution.

Section. 140. ADDITION OF OTHER MEMBERS.

Other counties may become parties to this Amended Interlocal Cooperation Agreement, subject to the approval of the Board of Trustees, by executing an Addendum to this Agreement. In order for a county to be added to this Agreement by Addendum, the Addendum must be approved by the governing body of the county to be added and the Addendum must be reviewed and approved for form and compatibility with the laws of the State of Utah by the attorney for the county to be added. Prior to becoming effective, this Amended Interlocal Cooperation Agreement and the Addendum shall be filed with the person who keeps the records of the public agency being added to this Agreement.

Section 121. TERMINATION OF PARTICIPATION.

Any Member may withdraw from the Pool, at the end of a coverage period after giving the Board timely written notice of such withdrawal, pursuant to a resolution of the Member's governing body. Timely written notice of such withdrawal must be provided to the Board no later than 120 days day prior to the date the Member's coverage would otherwise renew. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is withdrawn by the Member 90 days prior to the date the Member's coverage would otherwise renew. The Board may, by a three-fourths vote and at its sole discretion, agree to permit an earlier date of withdrawal.

~~The parties to this Amended Agreement may withdraw from participation or be terminated by the provisions for withdrawal or termination included in the Amended Bylaws.~~

A withdrawn member shall lose all voting rights upon the effective date of withdrawal. Any claim of title or interest to any asset of the Mutual Pool, and any continuing obligation of the

Mutual Pool to the member or of the member to the Mutual Pool, after the effective date of the member's withdrawal, shall end. ~~be consistent with these Bylaws, the Amended Agreement and any policy adopted by the Board, and the Code.~~

A member shall lose all voting rights upon termination of its membership. The terminating member shall lose aAny claim of title or interest to any asset of the Mutual Pool, and any continuing obligation of the Mutual Pool to the member or of the member to the Mutual Pool, after the termination of membership, shall end. ~~be as determined consistent with the Agreement, these Bylaws, any policy adopted by the Board, and the Code.~~

Section 132. DISSOLUTION AND DISPOSITION OF PROPERTY.

The Pool may be dissolved by a majority of the Members voting in favor of dissolution at a meeting. In the event of voluntary dissolution of the Pool, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations shall be distributed, as determined by the Board, only to Utah counties, which are Members of the Pool at the time of dissolution.

Upon partial or complete dissolution of the Pool by the Members, the Trustees shall determine all other matters relating to the disposition of property and dissolution of the Pool by a two-thirds vote of all Trustees.

The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Pool.

Section 13. INDEMNIFICATION.

It is the intent of the Mutual Pool to provide the broadest possible immunity from personal liability to each trustee, officer, and employee of the Mutual Pool allowed by applicable laws of the State of Utah including, but not limited to, the Utah Governmental Immunity Act, the Utah Non-Profit Corporation and Co-operative Association Act and the Utah Insurance Code, as amended from time to time. The Mutual Pool shall defend and indemnify the trustees, officers and employees of the Mutual Pool against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah.

The Mutual Pool shall purchase liability or other appropriate insurance providing coverage for the trustees, officers and employees of the Mutual Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

Neither these is Amended Bylaws Agreement nor any action of the governing body of a county in adopting these is Amended Bylaws Agreement is intended to nor do they waive, nor shall they be construed as waiving, any immunity or limitation on liability provided to the members or their officers or employees by any law, including but not limited to any such immunity or limitation appearing in the Utah Governmental Immunity Act, and amendments

thereto.

Section 14. FILING OF INTERLOCAL COOPERATION AGREEMENT.

Executed copies of this Amended Interlocal Cooperation Agreement shall be placed on file in the office of the County Clerk of each of the Members to this Amended Agreement, and shall remain on file for public inspection during the term of this Interlocal Cooperation Agreement.

Section 15. AMENDMENTS.

This Interlocal Cooperation Agreement may not be amended, changed, modified or altered except by an instrument in writing which shall be (a) approved by Resolution of the governing body of each of the parties, (b) executed by a duly authorized official of each of the parties, (c) submitted to and approved by an Authorized Attorney of each of the parties, as required by Utah Code Ann. §11-13-9202 (~~1996~~2002), and (d) filed in the official records of each party.

Section 16. SEVERABILITY.

If any term or provision of the Amended Interlocal Cooperation Agreement or the application thereof shall to any extent be invalid or unenforceable, the remainder of this Amended Interlocal Cooperation Agreement, or the application of such term or provision to circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and shall be enforced to the extent permitted by law. To the extent permitted by applicable law, the parties hereby waive any provision of law, which would render any of the terms of this Amended Interlocal Cooperation Agreement unenforceable.

Section 17. GOVERNING LAW.

All questions with respect to the construction of this Amended Interlocal Cooperation Agreement, and the rights and liability of the parties hereto, shall be governed by the laws of the State of Utah.

Section 18. EXECUTION BY COUNTERPART.

This Amended Agreement may be executed in counterparts. The original of each executed Agreement shall be filed with the Mutual.

IN WITNESS WHEREOF, the parties have signed and executed this Amended Interlocal Cooperation Agreement, after resolutions duly and lawfully passed, on the dates listed below:

Dated this____day of_____, 2003.

BOARD OF COUNTY «FORM»
«COUNTY»

By:_____
«CHAIR»,
«COUNTY» «FORM» Chair

ATTEST:

By:_____
«CLERK», «COUNTY»

APPROVED AS TO FORM AND COMPATIBILITY WITH THE LAWS OF THE STATE OF UTAH:

By:_____
«ATTORNEY», «COUNTY» Attorney

AGENDA ITEM SUMMARY

Item Description

Consider Approval of Goals.

Background, Discussion

Staff has placed the Goals developed at the Retreat in the context of a Pool Planning Document, which includes the Mission Statement, Principles and Beliefs, and the beginnings of a Situational Analysis, Key Success Factors and Action Plan. Staff would propose to bring these to the Board periodically for the Board to work on. This would then provide a springboard for the work at next year's retreat.

Recommendation

Staff recommends approval of the goals.

**UCIP
POOL
PLANNING
DOCUMENT**

Begun on June 6-7.2003

PLAN

This Planning Document was begun by the UAC Insurance Mutual Board of Trustees during its retreat of June 6 and 7, 2003.

Mission Statement

UACIM is committed to meet members' needs for quality insurance at competitive, responsible, and stable cost, and to assist members with improving their risk management practices.

PRINCIPLES AND BELIEFS

- Coverage provided is a promise to pay.
- We look for ways to cover claims, not to deny them.
- To provide as broad coverage as prudence will allow.
- Coverage is open to Utah Counties and those County-related entities over which the County governing body exercises dominant control.
- Pool funds belong to the members.
- The Pool Board is trustee of the members' funds.
- We seek to maximize the value of funds but follow conservative fiscal practices.
- Business is conducted with integrity.
- The best interest of the Pool prevails, always.
- Consistent due diligence is given for all members and issues.
- Member input is sought and encouraged.

- Full disclosure in all communications.
- Services are responsive and respectful.

Situational Analysis

Assumptions about the future of UACIM, our Member Counties, and the populations served by our Members. It is important to monitor these assumptions to identify trends as they develop and needs as they arise so UACIM may respond appropriately.

Economic

- Tight budgetary constraints on members.

Political/Regulatory

- Reduced funding available from State and Federal government

Demographics

- Aging population

Knowledge

- Members rely on UACIM to inform them about risk management, legal trends, and best practices.

Social Values

- Greater emphasis on the value of time.
- Need for customized “answers”.

Insurance and Pooling Industry

- Withdrawal of commercial insurers

Technology

- Need ready and cost effective access to information

Staff

- Retain qualified staff.
- Need to support continuing education and personal growth.

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Key Success Factors

Development of assumptions leads to emphasizing certain key factors for operations of the pool over the next years.

1. Focusing on customer needs and expectations.

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Action Plan

The goals developed are expanded to include:

OBJECTIVES-The key areas of activity required to accomplish the goal, not in order of priority.

STRATEGIES-Individual achievements targeted for short-term (less than 18 months) and long-term (18 months to 3 years) timeframes, not in order of priority

PERFORMANCE INDICATORS-Describing specific measurable actions that will be undertaken to carry out the strategies

UAC INSURANCE MUTUAL

GOALS

1. Prompt and efficient claims management.
2. Help with individual County Risk Management training.
3. Fair and equitable allocation of contribution.
4. 100% participation in the pool by all Utah Counties.
5. The Pool is first choice for value in coverage and service.
6. Define our relationship with UAC.
7. Bring claims in-house.
8. Investigate Workers' Compensation and Medical Malpractice coverage options.
9. Board members and staff pursue technical and skill development opportunities.

AGENDA ITEM SUMMARY

Item Description

Consider Approval of Adoption of Mission Statement.

Background, Discussion

The attached Mission Statement is the final draft of the statement crafted during the Board Retreat on June 5-6, 2003.

Recommendation

Staff recommends approval of the statement and widespread use of the statement in Pool communications.

UAC INSURANCE MUTUAL

MISSION STATEMENT

UACIM is committed to meet members' needs for quality insurance at competitive, responsible, and stable cost, and to assist members with improving their risk management practices.

AGENDA ITEM SUMMARY

Item Description

Consider Approval of Adoption of Principles and Beliefs.

Background, Discussion

The attached Principles and Beliefs were drafted during the Board Retreat on June 5-6, 2003. There are 13 which staff has grouped together per the recommendation of the retreat facilitator.

Recommendation

Staff recommends approval of the principles and beliefs and display of the statements in appropriate Pool communications, including the Board area of the UACIM website.

UAC INSURANCE MUTUAL

PRINCIPLES AND BELIEFS

1. Coverage provided is a promise to pay.
2. We look for ways to cover claims, not to deny them.
3. To provide as broad coverage as prudence will allow.
4. Coverage is open to Utah Counties and those County-related entities over which the County governing body exercises dominant control.
5. Pool funds belong to the members.
6. The Pool Board is trustee of the members' funds.
7. We seek to maximize the value of funds but follow conservative fiscal practices.
8. Business is conducted with integrity.
9. The best interest of the pool prevails, always.
10. Consistent due diligence is given for all members and issues.
11. Member input is sought and encouraged.
12. Full disclosure in all communications.
13. Services are responsive and respectful.

AGENDA ITEM SUMMARY

Item Description

Consider award of actuarial services contract.

Background, Discussion

At the Board's instruction, staff solicited proposals for actuarial services by mailing RFP's to ten known vendors. Seven responses were received and all have been reviewed. The RFP listed four criteria for judging responses. The attached spreadsheet indicates the results for each proposer for each criteria.

Recommendation

Staff recommends selection of the proposal from By The Numbers Actuarial Consulting and directing staff to negotiate a four - year contract.

SUMMARY of ACTUARIAL PROPOSALS

<u>PROPOSER</u>	<u>STAFF QUALIFICATIONS</u>	<u>ABILITY TO MEET DEADLINES</u>	<u>PUBLIC ENTITY EXPERIENCE</u>	<u>COST</u>
1 Casualty Actuarial Consultants Nashville, TN	Fellow assigned on our account	Will meet	30 public clients county pools ID, MT, NC	\$19,000
2 Taylor-Walker & Associates Salt Lake City, UT	Fellow assigned on our account	Will meet	UACIM, ULGT WY Assn Municipalities	\$13,000
3 Tillinghast-Towers Perrin Denver, CO	Fellow assigned on our account	Will meet	CO CTSI, State of ID U of CO	\$32,500
4 Milliman Denver, CO	Fellow assigned on our account	Will meet	CO School Pool CO Transit	\$21,500
5 Select Actuarial Services Nashville, TN	Fellow assigned on our account	Will meet	Pools in OK, MI, WA NM, VA, NE	\$12,500
6 ARM Tech Irvine, CA	Fellow assigned on our account	Will meet	URMMA, several pools around country	\$26,600
7 By The Numbers Actuarial Nashville, TN	Fellow assigned on our account	Will meet	GA Counties NE Counties, CRL	\$8,500

UAC INSURANCE MUTUAL

General Budget

	Approved 12/19/02 2003 Budget	Proposed Amended 2003 Budget
REVENUE		
Premiums Written	3,858,083	3,957,425
Investment Income	225,000	175,000
UAC Reimbursement	65,498	147,480
Retained Equity	90,442	89,176
TOTAL REVENUE	4,239,023	4,369,081
LOSSES AND LOSS EXPENSES		
Losses	2,000,000	2,000,000
Claims Management Expenses (VeriClaim, Inc.)	242,278	242,278
Reinsurance	1,354,742	1,409,700
Loss Adjustments for Previous Years	0	0
TOTAL LOSS EXPENSES	3,597,020	3,651,978
ADMINISTRATION EXPENSES		
Accounting (Larson & Company)	14,750	14,750
Actuarial Analysis (Taylor Walker)	13,000	13,000
Automobile Expense	7,500	7,500
Automobile Reserve	15,120	15,120
Bank Charges		100
Brokerage Fees (Arthur J. Gallagher)	80,000	80,000
Board Expense	8,000	28,000
Building: Maintenance	12,000	12,000
Building: Repairs & Replacement	5,634	5,634
Building: Reserve	17,260	17,260
Copying Costs	1,200	1,200
Dues / Subscriptions	1,500	3,500
Exhibiting & Sponsorship		4,000
Information Technology	4,000	4,000
Lease Purchase (Debt Service)	87,000	87,000
Lobbying & Legislative Tracking		0
Loss Control / Training	14,000	14,000
Office Insurance	1,500	3,000
Office Supplies	2,500	2,500
Other Expenses	50,000	0
Postage	1,000	1,000
Premium Credits & Incentives		80,000
Printing	1,000	1,000
Professional Fees		10,000
Property & Equipment		10,000
Service Fee (UAC)	5,000	0
Staff Expenses	17,500	20,000
Staff Salaries	189,815	189,815
Staff Retirement	40,580	40,580
Staff FICA	14,304	14,304
Staff Medical Insurance	32,340	32,340
Telephone	5,500	5,500
TOTAL ADMINISTRATION	642,003	717,103
TOTAL LOSSES AND EXPENSES	4,239,023	4,369,081
NET INCOME	0	0
EQUITY / RESERVES		
Automobile		28,420
Building Debt Service		69,040
Building Repairs & Replacement		22,536
TOTAL DESIGNATED RESERVES		119,996

June 16 - July 17, 2003

Type	Date	Numb	Name	Memo	Split	Amount
WF-Expense						
Check	6/16/2003	1998	Office Depot	Invoice Number: 207236529-001	-SPLIT-	-469.95
Check	6/16/2003	1999	Verizon Wireless	Account Number: 1016-10497697	Telephone	-29.25
Check	6/16/2003	2000	Verizon Wireless	Account Number: 1006-10502048	Telephone	-62.57
Check	6/16/2003	2001	Daniels Summit Lodge	Deposit for June 4-6 Retreat	Board Expense	-4,135.75
Check	6/16/2003	2002	AGRIP	Harold Purnford Training Expenses	Board Expense	-397.01
Check	6/16/2003	2003	Larson & Company	Invoice Number: 6934	-SPLIT-	-2,275.90
Check	6/16/2003	2004	Kent Sundberg	Mileage Reimbursement	Board Expense	-32.40
Check	6/16/2003	2005	Kenneth Bischoff	Mileage Reimbursement	Board Expense	-64.80
Check	6/16/2003	2006	Lynn Lemon	Mileage Reimbursement	Board Expense	-97.20
Check	6/16/2003	2007	Steve Baker	Mileage Reimbursement	Board Expense	-56.74
Check	6/16/2003	2008	Steven Wall	Mileage Reimbursement	Board Expense	-118.08
Check	6/16/2003	2009	Kay Blackwell	Mileage Reimbursement	Board Expense	-139.68
Check	6/16/2003	2010	Dan McConkie	Mileage Reimbursement	Board Expense	-56.74
Check	6/16/2003	2011	Gene Roundy	Mileage Reimbursement	Board Expense	-193.00
Check	6/16/2003	2012	James Eardley	Mileage Reimbursement	Board Expense	-231.12
Check	6/27/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-212.20
Check	6/27/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-538.57
Check	6/27/2003	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-622.00
Check	6/30/2003	2014	PEHP-LTD	Coverage Period: June 2003	Medical	-91.31
Check	6/30/2003	2016	AGRIP	Lester Nixon Institute Registration	-SPLIT-	-525.00
Check	6/30/2003	2017	TelAmerica	Invoice Number: 1478906	Telephone	-41.28
Check	6/30/2003	2018	International Special Risk Service, Inc.	Invoice 8741 (MIB UIN)	Bonds	-405.00
Check	6/30/2003	2019	M. Lee Smith Publishers	Order Number: 8280250-R1	Dues / Subscriptions	-247.00
Check	7/17/2003	2020	Verizon Wireless	Account Number: 1016-10497697	Telephone	-25.63
Check	7/17/2003	2021	Verizon Wireless	Account Number: 1006-10502048	Telephone	-25.43
Check	7/17/2003	2022	AGRIP	Annual Membership Dues	-SPLIT-	-1,008.95
Check	7/17/2003	2023	Qwest	Account Number: 801-293-3098-606B	Telephone	-181.25
Check	7/17/2003	2024	Utah Association of Counties	Exhibit Space & Vendor Registration	Exhibiting & Sponsorship	-600.00
Check	7/17/2003	2026	Office Depot	Invoices: 209024849-001, 209123098-001. Credit:...	Office Supplies	-123.94
Check	7/17/2003	2027	Larson & Company	Invoice Number: 6997	-SPLIT-	-1,966.50
Check	7/17/2003	2028	Suitter Axland	Invoice Numbers: 1263093 and 1263287	-SPLIT-	-4,001.50
Check	7/17/2003	2029	TCNS, Inc.	Invoice Number: 1484	Information Technology	-35.00
Check	7/17/2003	2030	U.S.A.	Conference Banquet 9/23/03	-SPLIT-	-70.00
Check	7/17/2003	2031	VeriClaim, Inc.	Invoice #2420945006	Claims Management	-40,379.67
Check	7/17/2003	2032	FedEx	Invoice Number: 4-769-53705	Postage	-13.36
Total WF-Expense						-59,473.78
TOTAL						-59,473.78

